UniCredit S.p.A.

(incorporated with limited liability as a "Società per Azioni" under the laws of the Republic of Italy)

€25,000,000,000

Obbligazioni Bancarie Garantite Programme

Guaranteed by UniCredit OBG S.r.l.

(incorporated with limited liability as a "Società a responsabilità limitata" under the laws of the Republic of Italy)

Under the €25,000,000,000 Obbligazioni Bancarie Garantite Programme (the "**Programme**") described in this prospectus (the "**Prospectus**"), UniCredit S.p.A. (in its capacity as issuer of the OBG, as defined below, the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue *obbligazioni bancarie garantite* (the "**OBG**") guaranteed by UniCredit OBG S.r.l. (the "**OBG Guarantor**") pursuant to Article 7 *bis* of Italian law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Law 130**") and regulated by the Decree of the Ministry of Economy and Finance of 14 December 2006, No. 310, as amended from time to time (the "**MEF Decree**") and the supervisory instructions of the Bank of Italy set out in Part III, Chapter 3 of the "Disposizioni di Vigilanza per le Banche" (Circolare No. 285 of 17 December 2013), as amended and supplemented from time to time (the "**BoI OBG Regulations**").

The payment of all amounts due in respect of the OBG will be unconditionally and irrevocably guaranteed by the OBG Guarantor. Recourse against the OBG Guarantor is limited to the Available Funds (both as defined below).

The maximum aggregate nominal amount of OBG from time to time outstanding under the Programme will not at any time exceed €25,000,000,000, subject to increase as provided for under the Dealer Agreement.

The OBG issued under the Programme will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof or such other higher denomination as may be specified in the relevant Final Terms.

The OBG may be issued on a continuing basis to the Dealer(s) appointed under the Programme in respect of the OBG from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), the appointment of which may be for a specific issue or on an on-going basis. References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of OBG being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such OBG.

This Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended (which includes the amendments made by Directive 2010/73/EU, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area) (the "**Prospectus Directive**") and the relevant implementing measures in the Grand Duchy of Luxembourg. This Prospectus will be available on the Luxembourg Stock Exchange website at www.bourse.lu.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of giving information with regard to the issue of OBG under the Programme during the period of twelve (12) months after the date hereof.

By approving this Prospectus, the CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality and solvency of the Issuer in accordance with the provisions of Article 7 (7) of the Luxembourg law on prospectuses for securities.

Application has also been made to the Luxembourg Stock Exchange for the OBG issued under the Programme to be admitted during the period of 12 months from the date of this Prospectus to the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. References in this Prospectus to OBG being "listed" (and all related references) shall mean that such OBG have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted OBG may be issued pursuant to the Programme. The relevant Final Terms (as defined below) in respect of the issue of any OBG will specify whether or not such OBG will be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market (or any other stock exchange).

Each Series or Tranche (both as defined below) of OBG may be issued without the consent of the holders of any outstanding OBG, subject to certain conditions. OBG of different Series may have different terms and conditions, including, without limitation, different maturity dates. Notice of the aggregate nominal amount of OBG, interest (if any) payable in respect of OBG, the issue price of OBG and any other terms and conditions not contained herein which are applicable to each Tranche will be set out in final terms (the "**Final Terms**") which, with respect to OBG to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the OBG of such Series or Tranche.

The OBG will be issued in dematerialised form (*emesse in forma dematerializzata*), will be subject to the generally applicable terms and conditions of the OBG (contained in the section headed "Terms and Conditions of the OBG") and the applicable Final Terms and will be held in such form on behalf of the beneficial owners, until redemption and cancellation thereof, by Monte Titoli S.p.A. with registered office at Piazza degli Affari, 6, 20123 Milan, Italy ("**Monte Titoli**") for the account of the relevant Monte Titoli Account Holders. The expression "**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System). The expression "**Relevant Clearing Systems**" means any of Clearstream Banking, *société anonyme* with registered office at 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. as operator of the Euroclear System with registered office at 1 Boulevard du Roi Albert II, B-1210, Brussels, Belgium ("**Euroclear**"). The OBG of each Series or Tranche, issued in dematerialised form, will be deposited by the Issuer with Monte Titoli on the relevant Issue Date (as defined herein), will be in bearer form, will be at all times be in book entry form and title to the relevant OBG of each Series or Tranche will be evidenced by book entry in accordance with the provisions of Article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended and supplemented (the "**Financial Services Act**"), and with regulation issued by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the OBG of each Series or Tranche.

Each Series or Tranche of OBG may be assigned, on issue, a rating by Moody's Investors Service ("**Moody's**" or the "**Rating Agency**", which expression shall include any successor thereof) or may be unrated as specified in the relevant Final Terms. Where a Tranche or Series of OBG is to be rated, such rating will not necessarily be the same as the rating assigned to the OBG already issued. Whether or not a rating in relation to any Tranche or Series of OBG will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies as amended from time to time (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. The credit ratings included or referred to in this Prospectus have been issued by Moody's, which is established in the European Union and registered under the CRA Regulation as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority ("**ESMA**") pursuant to the CRA Regulation (for more information please visit the ESMA webpage http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended).

A credit rating is not a recommendation to buy, sell or hold OBG and may be subject to revision, suspension or withdrawal by any or all of the Rating Agencies and each rating shall be evaluated independently of any other.

The OBG of each Series or Tranche will mature on the date mentioned in the applicable Final Terms (each a "**Maturity Date**"). Before the relevant Maturity Date, the OBG of each Series or Tranche will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in the Conditions (as defined below)).

Subject to certain exceptions as provided for in Condition 10 (*Taxation*), payments in respect of the OBG to be made by the Issuer will be made without deduction for or on account of withholding taxes imposed by any tax jurisdiction. In the event that any such withholding or deduction is made the Issuer will be required to pay additional amounts to cover the amounts so deducted. In such circumstances and provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the OBG will be redeemable (in whole, but not in part) at the option of the Issuer. See Condition 8(c). The OBG Guarantor will not be liable to pay any additional amount due to taxation reasons in case an Issuer Event of Default (as defined below) has occurred. See "*Taxation*", below.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Important – EEA Retail Investors. If the Final Terms in respect of any OBG include a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the OBG are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the OBG or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the OBG or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Sole Arranger

UniCredit Bank AG, London Branch

Dealer

UniCredit Bank AG

The date of this Prospectus is 16 June 2017.

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the OBG Guarantor and the OBG which, according to the particular nature of the OBG, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the OBG Guarantor and of the rights attaching to the OBG.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The OBG Guarantor has provided the information set out in the section headed "*Description of the OBG Guarantor*" below and any other information contained in this Prospectus relating to itself for which the OBG Guarantor, together with the Issuer, accepts responsibility. To the best of the knowledge of the OBG Guarantor (having taken all reasonable care to ensure that such is the case) the information and data in relation to which it is responsible as described above are in accordance with the facts and do not contain any omission likely to affect the import of such information and data. With respect to such information provided by the OBG Guarantor, the responsibility of the Issuer is limited to their correct reproduction.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus (and, therefore, acting in association with the Issuer) in connection with an offer of OBG are the persons named in the applicable Final Terms as the relevant Dealer(s).

Copies of the Final Terms will be available from the registered office of the Issuer and the specified office set out below of the Paying Agent (as defined below) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

Full information on the Issuer, the OBG Guarantor and any Series or Tranche of OBG is only available on the basis of the combination of the Prospectus, any supplements, the relevant Final Terms and the documents incorporated by reference.

Unless otherwise defined in the relevant section of this Prospectus in which they are used, capitalised terms used in this Prospectus shall have the meaning ascribed to them in the section headed "*Terms and Conditions of the OBG*" below. For ease of reference, the section headed "*Index of Defined Terms*" below indicates the page of this Prospectus on which each capitalised term is defined.

None of the Dealers or the Sole Arranger makes any representation, expressed or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information in this Prospectus. Each potential purchaser of OBG should determine for itself the relevance of the information contained in this Prospectus and its purchase of OBG

should be based upon such investigation as it deems necessary. None of the Dealers or the Sole Arranger undertakes to review the financial condition or affairs of the Issuer or the OBG Guarantor during the life of the arrangements contemplated by this Prospectus or by any supplement or to advise any investor or potential investor in OBG of any information coming to the attention of any of the Dealers or the Sole Arranger.

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

The following sources of information, among others, have been used:

(i) Bank of Italy: data used for the Issuer's internal estimate of the market shares for loans and direct deposits held in Italy; data on the Italian banking market, in particular the number of active bank branches and financial promoters;

(ii) Italian association of asset managers (*Assogestioni - Associazione del Risparmio Gestito*): data used for the Issuer's internal estimates of market shares in mutual funds in Italy;

(iii) Moody's: data and information used for the explanation of the factors addressed by the ratings assigned by Moody's; and

(iv) Italian Banking Association (*ABI - Associazione Bancaria Italiana*): data used for the Issuer's internal estimates of market shares in direct deposits in Italy.

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

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the OBG and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the OBG Guarantor or any of the Dealer(s) or the Sole Arranger (as defined in "General Description of the Programme"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the OBG Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the OBG Guarantor since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme

is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any OBG shall in any circumstances imply that the information contained herein concerning the Issuer and the OBG Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer(s) and the Representative of the OBG Holders expressly do not undertake to review the financial condition or affairs of the Issuer or the OBG Guarantor during the life of the Programme or to advise any investor in the OBG of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus, as it may have been supplemented from time to time, when deciding whether or not to purchase any OBG.

Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Sole Arranger, the OBG Guarantor or the Dealer(s) that any recipient of this Prospectus or any other financial statements should purchase the OBG. Each potential purchaser of OBG should determine for itself the relevance of the information contained in this Prospectus and its purchase of OBG should be based upon such investigation as it deems necessary. None of the Dealer(s) or the Sole Arranger undertakes to review the financial condition or affairs of the Issuer or the OBG Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the OBG of any information coming to the attention of any of the Dealer(s) or the Sole Arranger.

The distribution of this Prospectus and the offering or sale of the OBG in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the OBG Guarantor, the Dealer(s) and the Sole Arranger to inform themselves about and to observe any such restriction. For a description of certain restrictions on offers and sales of OBG and on distribution of this Prospectus, see "*Subscription and Sale*" below.

The OBG have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and include OBG in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, OBG may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder). For a description of certain restrictions on offers and sales of OBG and on distribution of this Prospectus, see "*Subscription and Sale*" below.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the OBG Guarantor or the Dealer(s) to subscribe for, or purchase, any OBG.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any OBG 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 OBG may be

restricted by law in certain jurisdictions. The Issuer, the OBG Guarantor, the Dealers, the Sole Arranger and the Representative of the OBG Holders do not represent that this Prospectus may be lawfully distributed, or that any OBG 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, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the OBG Guarantor, the Dealers, the Sole Arranger or the Representative of the OBG Holders which is intended to permit a public offering of any OBG outside Luxembourg or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no OBG 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 OBG may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of OBG. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of OBG in the United States, Japan and the European Economic Area (including the United Kingdom and the Republic of Italy). See also "*Subscription and Sale*", below.

Each initial and each subsequent purchaser of an OBG will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Prospectus and in any Final Terms and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "*Subscription and Sale*", below.

In connection with the issue of any Series or Tranche under the Programme, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot the relevant Series or Tranche or effect transactions with a view to supporting the market price of the relevant Series or Tranche at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the OBG of the relevant Series or Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series or Tranche and 60 days after the date of the allotment of the relevant Series or Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

All references in this Prospectus to: (i) "**Euro**", "**€**" and "**euro**" 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 (signed in Rome on 25 March 1957), as

amended; (ii) "**U.S.$**" or "**U.S. Dollar**" are to the currency of the Unites States of America; (iii) "**£**" or "**UK Sterling**" are to the currency of the United Kingdom; (iv) "**PLN**" are to the currency of Poland; (v) "**Italy**" are to the Republic of Italy; (vi) laws and regulations are, unless otherwise specified, to the laws and regulations of Italy; and (vii) "**billions**" are to thousands of millions.

Certain monetary amounts and currency translations included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Sole Arranger is acting for the Issuer and no one else in connection with the Programme and will not be responsible to any person other than the Issuer for providing the protection afforded to clients of the Sole Arranger or for providing advice in relation to the issue of the OBG.

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RISK FACTORS

Each of the Issuer and the OBG Guarantor believes that the following factors may affect their ability to fulfil their obligations under the OBG issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the OBG Guarantor are in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer and the OBG Guarantor believe may be material for the purpose of assessing the market risks associated with OBG issued under the Programme are also described below.

Each of the Issuer and the OBG Guarantor believes that the factors described below represent the principal risks inherent in investing in the OBG issued under the Programme, but the inability of the Issuer or the OBG Guarantor to pay interest, principal or other amounts on or in connection with any OBG may occur for other unkwnown reasons and neither the Issuer nor the OBG Guarantor represents that the risks of holding any OBG are exhaustive. In addition, prospective investors should also read the detailed information set out elsewhere in the Prospectus (including any document incorporated by reference) and reach their own views prior to making any investment decision.

1. Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the OBG issued under the Programme

Risks connected with the Strategic Plan

On 12 December 2016, the Board of Directors of UniCredit approved the 2016-2019 Strategic Plan (the "**2016-2019 Strategic Plan or the Strategic Plan"**) which envisages, inter alia, a review of the business model.

The Strategic Plan contains objectives to be reached, respectively, by 2017 and 2019 (the "**Plan Objectives"** or the "**Projected Data"**) based on assumptions of both a general nature and a discretionary nature linked to the impact of specific operational and organisational actions that UniCredit intends to take during the period of time covered by the 2016-2019 Strategic Plan.

UniCredit's capacity to fulfil the actions and to fulfil the Plan Objectives depends on various assumptions and circumstances, some of which are outside UniCredit's control, such as hypotheses relating to the macroeconomic context and the evolution of the regulatory context, hypothetical assumptions relating to the effects of specific actions or concerning future events over which UniCredit has a limited degree of influence.

In addition to the above, the Plan Objectives are also based on several assumptions that include actions already undertaken by management or actions that management should undertake over the course of the plan, such as, inter alia, the capital strengthening measures (including, *inter alia*, the "**M&A Asset Sale Transactions"**) and the preparatory activities for improving the quality of balance sheet assets (the latter in relation, specifically, to the reduction of the non-core loans portfolio and the increase of the coverage ratio of impaired loans and unlikely-to-

pay loans in the Italian loan portfolio), the proactive reduction of the risk of balance sheet assets and the improvement of the quality of new loans, the transformation of the operating model, the maximisation of the value of the commercial bank and the adoption of a lean governance model that is strongly directed at the coordination of activities. To this extent, certain assumptions of the Strategic Plan refer to the implementation of measures – as well as the prosecution of such measures in accordance with the previous industrial plan announced on November 2015 – within the UniCredit Group and in relation to the activities of certain subsidiaries.

Taking into consideration that at the date of this Prospectus there is no certainty that the above-mentioned actions will be realised in full, in the absence of the anticipated benefits from the actions designed to support profitability or if the above-mentioned Group operating model transformation actions are not completed in full, it is possible the forecasts in the Projected Data might not be achieved and, as a result, there could be negative impacts, including significant ones, on the operating results, capital and financial position of UniCredit and/or the Group.

The Strategic Plan is therefore based on numerous assumptions and hypotheses, some of which refer to events that are out of UniCredit's control. Specifically, the Strategic Plan contains a collection of hypotheses, estimates and forecasts that are based on the realisation of external future events and actions that could be undertaken by management and by the Board of Directors of UniCredit in 2016-2019 which include, among other things, hypothetical assumptions of various natures subject to the risks and uncertainties of the current macroeconomic scenario and the regulatory context, relating to future events and actions of directors and management that may not necessarily take place, and events, actions and other assumptions, including those surrounding the performance of the main capital and economic parameters or other factors that affect development over which the directors and management cannot influence or can only partly influence.

The assumptions at the base of the Plan Objectives could turn out to be inaccurate and/or such circumstances could not be fulfilled, or could be fulfilled only in part or in a different way, or could change during the course of the reference period of the Strategic Plan. Moreover, it is worth noting that as a result of the precariousness associated with the realisation of any future event both as far as the event taking place is concerned and as far as the measurement and timing of its manifestation is concerned, the differences between the actual values and the projected values could be significant, even if the events were to occur.

The failure or partial occurrence of the assumptions or of the positive expected resulting effects could lead to potentially significant deviations from the forecasts in the Projected Data or hinder their achievement with consequent negative effects – even significant - on the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group. In particular, it cannot be guaranteed that UniCredit and/or the relevant Group companies will be able to successfully implement the measures provided for in the 2016-2019 Strategic Plan (also including the measures to be carried out in accordance with the previous industrial plan announced in November 2015). Failure to do so, as well as the partial realisation of one or more of such measures, could lead to divergences, even significant, with the provisions of the

Projected Data and hinder their fulfillment, with consequent negative effects on the Issuer and/or the Group's operating results and capital and financial position.

Note, lastly, that the 2016-2019 Strategic Plan was developed on the basis of a UniCredit Group perimeter that was different from the one at the date of this Prospectus, anticipating the effects of several extraordinary transactions, several of which have already been completed at the date of this Prospectus, while others are in the process of being executed (the "**M&A Asset Sale Transactions in the process of being Executed"**).

The M&A Asset Sale Transactions in the process of being Executed involve typical execution risks of extraordinary operations and, specifically, the risk of their realisation in time and/or in significantly different ways to those provided for by UniCredit at the date of this Prospectus, or even the risk that the effects deriving from said M&A Asset Sale Transactions in the process of being Executed differ significantly from those provided for by UniCredit.

If the M&A Asset Sale Transactions in the process of being Executed are not completed, in full or in part, or if they are completed in a manner that is partly or totally different from that projected by UniCredit, this could have negative impacts on the activities of the Group and/or on its capacity to achieve the Plan Objectives, with consequent significant negative effects on the operating results, capital and financial position of UniCredit and/or the Group.

Risks associated with the impact of the current macroeconomic uncertainties and the volatility of the markets on the UniCredit Group's performance

The UniCredit Group's performance is affected by the financial markets and the macroeconomic context of the countries in which it operates. Expectations regarding the performance of the global economy remain uncertain both from a short-term and a medium-term perspective. Added to these factors of uncertainty are those relating to the geopolitical context.

This situation of uncertainty which has characterised the global economy since the 2008 crisis has caused, among other things, significant problems for the ordinary activities of a number of leading commercial banks, investment banks and insurance companies, some of which have become insolvent or have had to be incorporated into other financial institutions or request assistance from governmental authorities or central banks and the International Monetary Fund (the "**IMF**"), which have intervened by injecting liquidity and capital into the system and by participating in the recapitalisation of certain financial institutions. Added to this are other negative factors, such as an increase in unemployment levels and a general fall in demand for financial services.

At the date of this Prospectus the macroeconomic situation featured a high level of uncertainty in relation to: (a) the recent developments associated with the referendum in the United Kingdom and the subsequent triggering of Article 50 of the Lisbon Treaty and the consequences resulting from the failed approval of the constitutional reform subject to the referendum in Italy on 4 December 2016; (b) the trends of the real economy and specifically the prospects of recovery and consolidation of the domestic economic growth dynamics and the economies in those countries, like the United States and China; (c) future developments of

the European Central Bank (the "**ECB**") and the U.S. Federal Reserve (the "**FED**") monetary policies; (d) a continuous change in the banking sector at global level, and specifically at European level, which has led to a progressive reduction in the spread between lending and borrowing rates; (e) the sustainability of the sovereign debts of several countries and the related tensions recorded, more or less repeatedly, on the financial markets; and (f) the potential renegotiation or failed agreement of international commercial agreements.

Specifically, in this respect, note the developments of the sovereign debt crisis in Greece which raised considerable uncertainty over Greece remaining in the Eurozone in the future and, except in an extreme case, at least the possible contagion among the sovereign debt markets of the various countries on retaining the European monetary system founded on a single currency, with one or more countries possibly leaving the Eurozone. The risk therefore remains that the future development of the contexts referred to could have negative effects on the operating results and capital and financial position of the Issuer and/or the Group.

The economic slowdown in the countries where the Group operates has had (and may continue to have) a negative effect on the Group's activities and the cost of borrowing, as well as on the value of its assets, and could result in further costs related to write-downs and impairment losses.

The UniCredit Group's performance is affected, among other things, by factors such as the expectations and confidence of investors, the liquidity of the financial markets, the availability and cost of borrowing on capital markets, elements, by their very nature, connected to the general macroeconomic situation. Adverse changes in these factors, particularly at times of economic-financial crisis, could create increases for the UniCredit Group in the cost of funding, as well as cause the partial or incomplete realisation of the Group funding plan, with a potential negative impact on the financial situation and the short and long-term liquidity of the Issuer and/or the Group.

This situation could be further affected by provisions regarding the currencies adopted in the countries in which the Group operates as well as by political instability and difficulties for governments to implement suitable measures to deal with the crisis, as well as acts of terrorism and/or, in general, political instability at a global level or in the countries in which the Group operates. All this could, in turn, result in decreased profitability, with significant negative consequences on the operating results and capital and financial position of UniCredit and/or the Group.

In addition, there is the risk that following the entry into force of the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"), one or more credit institutions could be subject to the measures pursuant to this Directive and to the related implementing regulations, including the bail in tool. This tool gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims into shares or other instruments of ownership to absorb the losses and recapitalise the bank in difficulty or a new entity that continues the essential functions. These circumstances could aggravate the

macroeconomic situation and, specifically, have adverse effects on the business segments and on the markets in which the UniCredit Group operates, with possible adverse consequences on the operating results and on the capital and/or financial position of the Issuer and/or the Group.

Risks connected with the volatility of markets on the performance of the UniCredit Group

In recent years globally, the financial system suffered from considerable volatility and great uncertainty.

The high degree of uncertainty and volatility, including in the countries where the Group operates, has led to significant distortions of the financial markets and a high degree of volatility in the bond and share market, making access to these markets increasingly complex with a consequent rise in credit spreads and the cost of funding. This context also led to a reduction in the depth of the market with a consequent fall in the realisation value resulting from the disposal of financial assets.

The volatility and uncertainty of the financial markets has had, and could continue to have, a negative effect on the assets of the Group and, specifically, on UniCredit's share price and the cost of borrowing on capital markets, causing, among other things,the partial or incomplete realisation of the Group funding plan, with a potential negative impact on the financial situation and the short and long-term liquidity of the Issuer and/or the Group.

The volatility of the financial markets has also created and continues to create a risk associated with operations in asset management, asset gathering and brokerage sectors and other activities remunerated through fees in the sectors in which the Group operates, with possible negative consequences on the operating results and capital and financial position of the Issuer and/or the Group.

Risks connected with the UniCredit Group's activities in different geographical areas

The UniCredit Group operates in different countries and, therefore, the UniCredit Group's activities are affected by the macroeconomic context of the markets in which it operates.

In spite of the geographical diversification of the UniCredit Group's activities, at the date of this Prospectus, Italy was the main market in which the UniCredit Group operates and, as a result, its activities are closely connected to the Italian macroeconomic context and could, therefore, be negatively impacted by any changes of the same. Specifically, economic forecasts and the current political context generate considerable uncertainty surrounding the future growth of the Italian economy.

In addition to any other factors that could emerge in the future, economic stagnation and/or a reduction in gross domestic product in Italy, a fall in consumer prices, a rise in unemployment and a negative performance of capital markets could create a drop in consumer confidence, fewer investments in the financial system, an increase in impaired loans and insolvency, causing, among other things, a general reduction in the demand for the services provided by the UniCredit Group.

Therefore, should these adverse economic conditions persist in Italy, or a lasting situation of political and economic uncertainty continue and/or the economic recovery prove to be slower

than in other countries of the Organisation for Economic Co-operation and Development ("**OECD**"), this could have a further significant negative impact on the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group.

The UniCredit Group also operates and has a significant presence in Austria and Germany, as well as in Central and Eastern European countries ("**CEE countries**") including, among others, Turkey, Russia, Croatia, the Czech Republic, Bulgaria and Hungary. The risks and uncertainties to which the UniCredit Group is exposed, are of a different nature and magnitude depending on the country, and whether or not the country belongs to the European Union is only one of the major factors to take into consideration when evaluating these risks and uncertainties.

With special reference to Austria and Germany, there is the risk that deterioration in the macroeconomic conditions in both countries, an increase in the volatility of their capital markets, a significant increase in the cost of funding, the end of the current period of ready availability of liquidity on the respective markets or an increase in political instability could lead to making the situation in the two countries harsh and have a negative impact on profitability as well as the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group. The Austrian and German macroeconomic conditions, as well as the Italian macroeconomic conditions, are affected, in particular, by the uncertainty relating to the European Union and the Eurozone's current situation. In particular, Germany's economy, which is the second market in which the Group operates as at the date of this Prospectus, significantly depends on the economies of certain countries with which German has various commercial relations, including, in particular, the United States, France, Italy and other countries of the European Union. Therefore, a worsening in the economic situation of these countries may have a significant adverse impact on the strongly export-orientated German economy, with potential negative consequences on the subsidiaries of the UniCredit Group operating in Germany, in particular, on UniCredit Bank AG ("**UCB AG**").

CEE countries have also historically featured extremely volatile capital and foreign exchange markets, as well as a certain degree of political, economic and financial instability. In some cases, CEE countries have a less developed political, financial and legal system. In countries where there is greater political instability, there is the risk of political or economic events affecting the transferability and/or limiting the operations of one or more of the UniCredit Group companies, as well as the risk that local governments could implement nationalisation policies (or introduce similar restrictions), which directly affect Group companies and/or which could have negative consequences on the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group.

As far as the outlook of some CEE countries is concerned, note that developments in Russia over the last two years have increased uncertainty for the future of this country, while domestic and geopolitical developments in Turkey have introduced an element of uncertainty which was heightened following the attempted *coup d'état* in July 2016.

In this regard, please note that, under the 2016 Supervisory Review and Evaluation Process ("**SREP**"), as areas of vulnerability, uncertainty and potential risk, in terms of the deterioration

of the credit quality of assets. the ECB reported the Group's operations in Russia and Turkey on account of possible macro-economic and political developments in these countries.

It is also not possible to rule out that in CEE countries, also as a result of the introduction of more restrictive regulations than those projected at international level, the UniCredit Group might have to implement further recapitalisation operations for its subsidiaries taking into account the risk of being subject to - among other things - regulatory and governmental initiatives of these countries. In addition to this, and to a similar extent as the risks in all the countries in which the Group operates, local authorities could adopt measures that: (a) require the cancellation or reduction of the amount due with regard to existing loans, with a consequent increase in the provisions required with regard to the levels applied normally consistent with Group policies; (b) require additional capital; and (c) introduce additional taxes on banking activity. As a result, the UniCredit Group may be called upon to ensure a greater level of liquidity for its subsidiaries in these areas, in an international context where access to same could become increasingly more difficult. Furthermore, the Group may have to increase impairments on loans issued due to a rise in estimated credit risk. Negative implications in terms of quality of credit could, specifically, involve the UniCredit Group's exposures denominated in Swiss francs (CHF) in CEE countries, also as a result of the decision by the Swiss Central Bank in January 2015 to remove the Swiss franc/Euro ceiling.

In addition to the above, the lower growth rates in CEE countries' economies than those recorded in the past, together with negative repercussions in these countries resulting from the uncertainties of the economies of Eastern European countries, could have a negative impact on the Group reaching its strategic objectives and, therefore, on the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group.

Credit risk and risk of credit quality deterioration

The activity, financial and capital strength and profitability of the UniCredit Group depend on the creditworthiness of its customers, among other things.

In carrying out its credit activities, the Group is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down thereof. This risk is always inherent in the traditional activity of providing credit, regardless of the form it takes (cash loan or endorsement loan, secured or unsecured, etc.).

In the context of credit activities, this risk involves, among other things, the possibility that the Group's contractual counterparties may not fulfil their payment obligations, as well as the possibility that Group companies may, based on incomplete, untrue or incorrect information, grant credit that otherwise would not have been granted or that would have been granted under different conditions.

The main causes of non-fulfilment relate to the borrower's loss of its autonomous capacity to service and repay the debt (due to a lack of liquidity, insolvency, etc.), the emergence of circumstances not related to the economic/financial conditions of the debtor, such as country risk, and the effect of operational risks.

Other banking activities, besides the traditional lending and deposit activities, can also expose the Group to credit risks. "Non-traditional" credit risk can, for example, arise from: (i) entering into derivative contracts; (ii) buying and selling securities, futures, currencies or goods; and (iii) holding third-party securities. The counterparties of said transactions or the issuers of securities held by Group entities could fail to comply due to insolvency, political or economic events, a lack of liquidity, operating deficiencies, or other reasons.

The Group has adopted procedures, rules and principles aimed at monitoring and managing credit risk at both individual counterparty and portfolio level. However, there is the risk that, despite these credit risk monitoring and management activities, the Group's credit exposure may exceed predetermined levels pursuant to the procedures, rules and principles it has adopted. Therefore, the deterioration of certain particularly important customers' creditworthiness and, more generally, any defaults or repayment irregularities, the launch of bankruptcy proceedings by counterparties, the reduction of the economic value of guarantees received and/or the inability to execute said guarantees successfully and/or in a timely manner, as well as any errors in assessing customers' creditworthiness, could have major negative effects on the activity, operating results and capital and financial position of UniCredit and/or the Group.

As regards the European context however, the average data for the continent's banks shows a percentage of non-performing loans ("**non-performing loans**" or "**NPLs**") that is considerably lower than the average for Italian banks and banking groups.

In spite of the Strategic Plan, including actions aimed at improving the quality of capital assets at the date of this Prospectus, there is the risk that, even if the Strategic Plan is implemented in full and the Plan Objectives achieved, at the end of the Plan period the Issuer may have a level of impaired loans that is not in line with regard to the figures recorded by its main competitors in the same period. Specifically, note that the percentage of gross impaired loans of the UniCredit Group is expected to be at a higher level than the average percentage of gross impaired loans of the Issuers' main European competitors with regard to 31 December 2016.

The Group has adopted valuation policies for customer loans and receivables that take into account write-downs recorded on asset portfolios for which objective loss events have not been identified. These portfolios are subject to a write-down which, taking into account the relevant risk factors with similar characteristics, is calculated partly through statistically defined coverage levels based on available information and historical data. However, in the event of a deterioration in economic conditions and a consequent increase in non-performing loans, it cannot be ruled out that there may be significant increases in the write-downs to be performed on the various categories of such loans, and that credit risk estimates may need to be amended. Finally, there is a possibility that losses on loans may exceed the amount of write-downs, which would have a significant negative impact on the operating result capital and financial position of the Issuer and/or of UniCredit Group.

It is also worth to highlight that, within the scope of the 2016 SREP, the ECB notified UniCredit the areas of weakness related to credit risk.

Specifically, with regard to the high level of non-performing exposures in Italy, which exceed the average of other European Union banking institutions, the ECB, while acknowledging the effectiveness of the actions undertaken by UniCredit to reduce the level of impaired loans, stressed that NPLs still represent a risk to the relevant Issuer's and/or the Guarantor's, as the case may be, capacity to generate profits, to the business model and to the capital position. In addition, the ECB noted the lack of a detailed strategic and operational plan to actively reduce the gross and net non-performing loan. The Issuer, however, deems that this issue has been addressed through several actions envisaged in the Strategic Plan and aimed at improving the balance sheet's asset quality.

In addition, on 20 March 2017, the ECB published the "Guidance to banks on non-performing loans" following a consultation conducted between 12 September and 15 November 2016. These guidelines address the main aspects of the management of non-performing loans, including the definition of the NPL strategy and of the operational plan to the NPL governance and operations, and provide several recommendations, based on best practices, that constitute, in the future, the ECB single supervisory mechanism's (the "**Single Supervisory Mechanism**" or "**SSM**") expectations. Specifically, the guidelines require all banks with a high degree of non-performing loans to establish a clear strategy in line with their own business plan and risk management framework, aimed at reducing the amount of non-performing loans, in a credible and timely manner. The above-mentioned guidelines are among the factors that have determined the execution of the "Porto Project" through the increasing of the coverage ratio on impaired loans and on unlikely-to-pay loans in the Italian loans portfolio, following the changes in estimates, in turn resulting from the changed management approach to non-performing loans approved by the Issuers' Board of Directors and aimed at accelerating the reduction, adopted by UniCredit and other Italian Group companies in December 2016.

Loss Given Default (LGD)

As far as the Loss Given Default ("**LGD**") parameter is concerned, note that the 2016-2019 Strategic Plan assumes that for the purpose of estimating the weighted assets for the 2017-2019 period, part of the impact associated with the non-performing loans portfolio generated before 2009 (e.g. the **Aspra and Legacy Portfolio**) is subject to an adjustment in the treatment for the purpose of calculating the LGD.

The Aspra and Legacy Portfolio has exceptional characteristics in relation to the UniCredit's loan portfolio as it originated from and is classified under bad loans mainly before 2009 from various banks which, at the time, belonged to the UniCredit Group former Capitalia and former UniCredit), based on the underwriting, monitoring and recovery policies that were different from those later adopted by the UniCredit Group. For these reasons, and consistent with the characteristics of the portfolio, under the scope of the 2016-2019 Strategic Plan the adjustment of the treatment in the calculation of the LGD was considered for the Aspra and Legacy Portfolio in its entirety, not only for the component relating to the Fino Project amounting to €4.9 billion.

The adjustment of the treatment of all the components of the Aspra and Legacy Portfolio, as described above for the purpose of calculating the LGD, requires the approval of the ECB. At

the date of this Prospectus, discussions in this regard are ongoing. It is therefore not possible to guarantee that the ECB will allow the adjustment of the treatment of the impact of the Aspra and Legacy Portfolio for the purpose of calculating the LGD. Failure to adjust the treatment of all components of the Aspra Portfolio for the purpose of calculating the LGD, or even some of them, would have a negative impact – *inter alia* – on the future capital ratios of UniCredit, with consequent negative effects on the operating results and the capital and/or financial position of UniCredit and/or the UniCredit Group.

Guidelines for estimating the PD and the LGD and for dealing with exposures at default

In addition to the above, in November 2016, the European Banking Authority (the "**EBA**") published a consultation paper with regard to the revision of the methods for estimating the Probability of Default ("**PD**") and the LGD indicators, as well as the handling of impaired loans. The provisions of the final text, which has not been published yet, are expected to apply from 1 January 2021, or sooner if the competent supervisory authority decides that this should be the case.

The consultation involves in-depth and detailed guidelines on the PD and LGD calculation models. At the date of this Prospectus, there is an ongoing consultation period during which operators can make observations to the EBA in response to the questions posed by the supervisory authority. In consideration of the questions drawn up by the EBA and the possibility for operators to draw up alternative proposals, at the date of this Prospectus there is the risk that there could be further amendments to the final version of the guidelines compared with the text of the consultation paper.

At the date of this Prospectus, in consideration of the complexity and extent of the amendment proposals drawn up in the EBA consultation paper and the differences between the various jurisdictions, it is not possible to estimate exactly the impacts resulting from the implementation of the guidelines described in the UniCredit Group consultation document (also taking into account the amendments that could be made to the final text of the guidelines).

Risks associated with forbearance on non-performing loans

The deterioration of credit quality and the growing focus shown both at regulatory level and by the financial community on reducing the value of non-performing loans recorded on banks' balance sheets suggest the opportunity for UniCredit to be able to dispose of non-performing loans.

In recent financial years, the supervisory authorities have focused on the value of non-performing loans and the effectiveness of the processes and organisational structures of the banks tasked with their recovery. The importance of reducing the ratio of non-performing loans to total loans has been stressed on several occasions by the supervisory authorities, both publicly and in the context of ongoing dialogue with Italian banks and, therefore, with the UniCredit Group.

Furthermore, since 2014, the Italian market has seen a slight increase in the number of disposals of non-performing loans, characterised by sale prices that are lower than the relative

book values, with discounts greater than those applied in other European Union countries. Specifically, sale prices on the Italian market are affected by the time frames in place for the completion of the implementation procedures (which are generally longer than in other European Union countries), and by the value of the properties under guarantee, which, particularly in the industrial sector, tend to present actual realisable values that are lower than their expected values.

In this context, the UniCredit Group, as of 2014, has launched a structured activity for selling non-performing loans on the market, in order to reduce the amount of problematic loans on its books, while simultaneously seeking to maximise its profitability and strengthen its capital structure.

UniCredit intends to continue pursuing its strategy of disposing of non-performing loans. Specifically, UniCredit has identified the capital risk reduction and the improvement of the quality of new loans as a strategic action under the scope of the 2016-2019 Strategic Plan to be achieved through increasing the coverage ratio of non-performing loans and selling impaired loans. The completion of the sales could involve the entry in the income statement of greater write-downs of loans for an amount which may be significant as a result of the possible differential between the value at which non-performing loans (and in particular impaired loans) are recorded in the financial statements of the Group and the consideration that market operators specialised in the management of distressed assets are prepared to offer for their purchase. In this regard note that the potential impacts (i.e. debiting the income statement with greater write-downs of loans) of these transactions depend on various factors, including, specifically, the different return expected by specialist market operators compared with that of UniCredit and the recovery costs that are immediately discounted in the purchase prices. In this context, insofar as new operations were completed (particularly if concerning loans of lower quality, in terms of coverage level and/or asset class, than the operations already carried out) or in any case where the conditions existed to modify the forecasts concerning the recovery of the non-performing loans identified as subject to probable future disposal, it could be necessary to record in the financial statements additional value adjustments to said loans, with consequent (possibly significant) negative effects on the operating results and capital and financial position of UniCredit and/or of the Group.

It should also be noted that the actions aimed at improving the quality of balance sheet assets included the execution of the Fino Project, which involves the sale of several impaired loans portfolios for a total amount of €17.7 billion gross as determined as at 30 June 2016. At the date of this Prospectus, with regard to the Fino Project, UniCredit has signed two separate framework agreements (each a "**Framework Agreement**", and together the "**Framework Agreements**"), respectively with FIG LLC, an affiliate company of Fortress Investment Group LLC (later, FIG LLC, in conformity with the provisions of the Framework Agreement, replacing Fortress Italian NPL Opportunities Series Fund LLC, Series 6 ("**Fortress**") in contractual relations resulting from the Framework Agreement) and with LVS III SPE I LP ("**PIMCO**"), a subsidiary of the PIMCO BRAVO Fund III, L.P.

Pursuant to each Framework Agreement, one of the objectives of phase 1 is obtaining the accounting derecognition of the portfolio sold. According to IAS 39, portfolios sold will be

subject to accounting derecognition from the financial statements of UniCredit (i) once essentially all risks and associated benefits are transferred to independent third parties or (ii) once a sufficient part of the risks and benefits is transferred to third parties provided that the control of the credit components of said portfolios is not maintained. As at the date of this Prospectus, UniCredit is performing the necessary qualitative-quantitative analyses, in particular those related to the pricing mechanism of deferred subscription and to the structure of the securitisation transactions covered by the Framework Agreement, aimed at supporting prospectively the verification of the existence of the conditions mentioned above and the verification of the significant risk transfer as well as the related regulatory treatments of the Fino Project.

The analysis will be completed upon completion of the contractual documentation and could highlight the lack of conditions laid down by the accounting principle of reference for the accounting cancellation (derecognition) of the portfolio. In such case, it may be necessary to review the provisional information contained in the 2016-2019 Strategic Plan.

If the above analysis shows the lack of conditions laid down by the accounting principle of reference for the accounting cancellation (derecognition) of the portfolio, or if the planned divestment of the portfolio at each SPV and related securitisation transactions are not completed, even for reasons independent of the will of UniCredit, such as, for example, the default on the part of the respective contractual partners in relation to the Framework Agreement and the related and connected additional contracts, UniCredit may not pursue the goal of obtaining the accounting cancellation of the entire portfolio of the Fino Project. This circumstance may highlight the non-suitability of the use of the transfer price for the purposes of the evaluation of the portfolio and in addition it would not allow the reduction of impaired loans with negative impacts on the achievement of the objectives of the 2016-2019 Strategic Plan, as well as on ratings assigned to UniCredit. This circumstance may also cause negative impacts both in terms of reputation nature and on the economic, asset and financial situation of UniCredit and/or Group.

The uncertainties and the consequent risks of the failure to realise the securitisations and the Fino Project associated with the conditions precedent in the Framework Agreement could involve the risk for UniCredit of initiating new sell-out procedures for these portfolios (including through the launch of a new competitive auction) which could, as a result, involve a postponement of the transaction, in addition to the risk related to the need to further increase the adjustments to the portfolios in question if, following the new sell-out procedures, the changed market conditions lead to a lower price. In addition, these uncertainties and the consequent risk of the failure to execute the Fino Project could also lead to changes in the strategic and operating plan to deal with the high level of NPLs taking into account the results of the 2016 SREP conducted by the ECB with regard to the UniCredit Group's income-generating capacity.

The maintenance of the notes issued by the Project Fino SPV by UniCredit following the implementation of the Fino Project could result in asset impact, even negative, depending on: (i) the absorption of related assets weighted by the credit risk for the purposes of the determination of the regulatory capital ratios; and (ii) the possible future value adjustments

arising from the portion of the risk retained. The residual share of notes issued by the Project Fino SPV held in the future will also be considered for the purposes of calculation of UniCredit's short and medium/long-term Issuer liquidity coefficients, as in "use not in the short term", thus implying the need for long-term funding of such use on the part of UniCredit.

It should also be noted that each Framework Agreement has a draft sales agreement attached, agreed between the parties which, once signed, in accordance with the time scales and arrangements for the implementation of the Fino Project, will include, among other things, declarations and guarantees issued by UniCredit in relation to each loan portfolio sold and the related compensation liability if these declarations and guarantees are not correct (as an alternative to the compensation liability, UniCredit could, in certain circumstances, ask to buy back the loan). Where the contracts of sale were signed in the agreed form within the meaning of the relevant Framework Agreement as of the date of this Prospectus, any incorrect or untrue representations and guarantees issued by UniCredit in relation to each loan portfolio transferred would entail for UniCredit the risk to pay compensation to the relative SPV.

Risks related to the income results of the Group for the year ended 31 December 2016 and first quarter 2017

The present risk factor highlights the risks related to investment in the capital of UniCredit in consideration of the variability of its income results, also in relation to current market conditions.

In this regard it should be noted that in 2016 the UniCredit Group recorded a net loss of €11,790 million. Specifically, in the year ended 31 December 2016, the UniCredit Group recorded non-recurrent negative impacts amounting to €13.1 billion on the net income arising from the impact of certain actions provided by the Strategic Plan. Note that specifically, the completion of the Fino Project and of the further actions indicated in the Strategic Plan results in expected non-recurrent negative impacts on the net result of the fourth quarter of 2016 amounting to €12.2 billion in total.

Group net profit increased to €907 million in the first quarter of 2017, up 40 per cent. compared to the same period in the previous year; in any case the current financial year could be negatively affected by the possible persistence of the economic and financial crisis and the uncertainty about the economic recovery.

In addition to the above, note that there could be further negative effects on UniCredit from:

(i) the results of the consultation process regarding the review of the methods for estimating the PD and LGD indicators, as well as the treatment of impaired loans, launched by the EBA in November 2016; and

(ii) the development of the regulatory framework or interpretive guidelines, which could involve implementation and/or adjustment costs or impacts on the operations of UniCredit and/or the Group.

Risks associated with UniCredit's participation in the Atlante Fund and the Atlante II Fund

UniCredit is currently one of the major subscribers of: (i) the Atlante Fund, a closed-end alternative investment fund intended to support the recapitalisation of Italian banks and to facilitate the disposal of non-performing loans (the "**Atlante Fund**"); and (ii) the Atlante II Fund, a closed-end alternative investment fund intended to facilitate the disposal of non-performing loans (the "**Atlante II Fund**" and, together with the Atlante Fund, the "**Atlante Funds**"). The Atlante Funds are managed by Quaestio SGR.

With reference to the Atlante Fund, UniCredit committed to underwrite 845 shares for a total aggregate value of €845 million.

Since it was formed, the Atlante Fund has participated in two transactions to recapitalize Italian banks (i.e. Banca Popolare di Vicenza S.p.A. ("**BPVi**") and Veneto Banca S.p.A. ("**Veneto Banca**")) and to acquire notes of Non-Performing Loans of Italian Banks via Atlante II Fund. The Atlante II Fund has participated in transactions to acquire notes of non-performing loans of Italian banks.

As of 31 December 2016, UniCredit held 845 shares out of 4,249 total shares of the Atlante Fund with a carrying value of €139 million (equal to €686 million for the shares previously paid, net of the impairment of €547 million), classified as financial assets available for sale, and a residual commitment to invest of €159 million.

The units of the Atlante Fund were initially recognized at their subscription value, which was deemed an expression of the fair value of the investment as of the initial recognition date.

After the evaluation update of the units held as of 31 December 2016, according to an internal evaluation model based on multiples of banking baskets, integrated with estimates on Atlante's banks NPL credit portfolio and related equity/capital needs, a €547 million impairment was recognized.

Consequently, if the value of the assets in which the Atlante Funds are invested and/or will be invested were to be reduced, among other things, as a result of write-downs or because the assets are sold at a price below the acquisition price, or if such assets were to be replaced with assets having a greater risk profile or that are characterised by a greater degree of capital absorption (for example, non-performing loans), this situation could require UniCredit to further write down UniCredit investment in the Atlante Funds, which could have an adverse effect on the capital ratios of UniCredit.

With regards to the Atlante II Fund, in August 2016, UniCredit subscribed 155 units for a total value of €155 million; as of 31 December 2016, €1.1 million had been paid, so that the irrevocable commitment for subsequent payments held by UniCredit in the Atlante II Fund was equal to €154 million.

The regulatory treatment of the units held by UniCredit in the Atlante Fund is based on the application of the look-through method to the underlying investments, specifically the stakes indirectly held in BPVi and Veneto Banca are classified as non-significant holdings in a financial sector entity, according to the provisions set by EU Regulation 2015/923.

With reference to the commitment held by UniCredit towards the Atlante Funds, the regulatory treatment for risk weighted assets purposes foresees the application of a Credit Conversion

Factor equal to 100 per cent. ("**full risk**") according to the Annex I of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRD IV Regulation**").

Risks associated with the Group's exposure to sovereign debt

Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. For the purposes of the current risk exposure, assets held for disposal and positions held through Asset Backed Securities (ABS) are not included.

With reference to the Group's sovereign exposures in debt, the book value of sovereign debts securities as at 31 March 2017 amounted to €123,601 million, of which over 89 per cent. was concentrated in eight countries: Italy with €58,079 million, representing about 47 per cent. of the total; Germany with €17,461 million; Spain with €15,363 million; Austria with €9,075 million; France with €5,085 million; Czech Republic with €1,829 million; Hungary with €1,992 million; and Bulgaria with €1,702 million.

As at 31 March 2017, the remaining 11 per cent. of the total sovereign exposures in debt securities, equal to €13,015 million as recorded at the book value, was divided between 48 countries, including: Russia (€1,256 million), United States (€480 million), Slovenia (€398 million), Portugal (€104 million), Ireland (€33 million) and Argentina (€5 million). The exposures in sovereign debt securities relating to Greece, Cyprus and Ukraine are immaterial.

As at 31 March 2017, there is no evidence of impairment of the exposures in question.

Note that the aforementioned remainder of the sovereign exposures held as at 31 March 2017 also included debt securities relating to supranational organisations, such as the European Union, the European Financial Stability Facility and the European Stability Mechanism, worth €3,847 million.

In addition to the Group's sovereign exposure in debt securities, there were also loans issued to central and local governments and government bodies.

Total loans to countries to which the total exposure is greater than €140 million, which represented nearly 94 per cent. of said exposures, as at 31 March 2017 amounts to €21,795 million.

Liquidity Risk

Liquidity risk refers to the possibility that the UniCredit Group may find itself unable to meet its current and future, anticipated and unforeseen cash payment and delivery obligations without impairing its day-to-day operations or financial position. The activity of the UniCredit Group is subject in particular to funding liquidity risk, market liquidity risk, mismatch risk and contingency risk.

Funding liquidity risk refers to the risk that the Issuer may not be able to meet its payment obligations, including financing commitments, when these become due. In light of this, the availability of the liquidity needed to carry out the Group's various activities and the ability to access long-term loans are essential for the Group to be able to meet its anticipated and unforeseen cash payment and delivery obligations, so as not to impair its day-to-day operations

or financial position. The crisis that hit international financial markets and the subsequent instability gave rise to a considerable reduction in the liquidity accessible through private financing channels, resulting in major monetary policy interventions by the ECB, the reduction of which could lead the Issuer and/or the Group legal entities to access the wholesale debt market to a greater extent than in the past. With reference to the funding liquidity risk note that as at 31 March 2017, the cash horizon of the UniCredit Group was more than one year. This managerial indicator identifies the number of days beyond which each liquidity reference bank is no longer capable of meeting its payment obligations for the management of liquidity. For this purpose, the cash horizon also takes into account the use of readily marketable securities both at the central banks accessible by the Group and at market counterparties.

In order to assess the liquidity profile of the UniCredit Group, UniCredit also uses the following principal indicators:

- the short-term indicator Liquidity Coverage Ratio ("**LCR**"), which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by UniCredit) and the net cash imbalance accumulated over a 30-day stress period; as of 1 January 2016, the indicator is subject to a minimum regulatory requirement of 70 per cent., which increased to 80 per cent. from 1 January 2017 and will increase to 100 per cent. from 1 January 2018;
- the 12-month structural liquidity indicator Net Stable Funding Ratio ("**NSFR**"), which corresponds to the ratio between the available amount of stable funding and the statutory amount of stable funding. The finalisation of this requirement will be carried out in the regulatory terms. More specifically and on the basis of the Basel III Phase In Arrangements document, the minimum standard requirement should be introduced as of 1 January 2018. In Europe, the Basel NSFR rule is proposed to be transposed through a revision of the CRD IV Regulation and will then be applicable two years after the entering into force of the revised CRD IV Regulation.

The Group's access to liquidity could be damaged by the inability of the Issuer and/or the Group companies to access the debt market, including also the forms of borrowing from retail customers, thus compromising the compliance with prospective regulatory requirements, with consequent negative effects on the operating results and capital and/or financial position of the Issuer and/or of the Group.

The Group uses financing from the ECB for its activities. Any changes to the policies and requirements for accessing funding from the ECB, including any changes to the criteria for identifying the asset types admitted as collateral and/or their relative valuations, could impact the Group's financial activities, with significant negative effects on the operating results and capital and/or financial position of the Issuer and/or the Group.

As regards market liquidity, the effects of the highly liquid nature of the assets held are considered as a cash reserve. Sudden changes in market conditions (interest rates and creditworthiness in particular) can have significant effects on the time to sell, including for high-quality assets, typically represented by government securities. The "dimensional scale" factor plays an important role for the Group, insofar as it is plausible that significant liquidity

deficits, and the consequent need to liquidate high-quality assets in large volumes, may change market conditions. In addition to this, the consequences of a possible downgrade of the price on the securities held and of the criteria applied by the counterparties in repos operations could make it difficult to ensure that the securities can be easily liquidated under favourable economic terms.

In addition to the risks closely connected to funding risk and market liquidity risk, an additional risk that could impact day-to-day liquidity management is represented by differences in the amounts or maturities of incoming and outgoing cash flows (mismatch risk). In addition to its day-to-day management, the Issuer must also manage the risk that (potentially unexpected) future requirements (i.e. use of credit lines, withdrawal of deposits, increase in guarantees offered as collateral) may use a greater amount of liquidity than that considered necessary for day-to-day activities (contingency risk).

Lastly, under the scope of the 2016 SREP, the ECB notified UniCredit certain vulnerable areas relating to liquidity risk. These areas specifically involve the definition of a robust limit setting process and the demonstration of how the trapped liquidity is taken into consideration at strategic level. The ECB recommended that UniCredit reviews its internal processes to allow more fluid, reliable and frequent calculation procedures for regulatory ratios. In addition, the ECB asked that the information in the Asset & Liabilities Committee report should be improved to include a more detailed description of the subjects discussed. In the opinion of the regulatory authority the involvement of the Internal Audit Department in the Internal Liquidity Adequacy Assessment Process (the "**ILAAP**") should also be extended in terms of its scope and the frequency of the audits carried out.

Generally, the framework of UniCredit's ILAAP was judged as adequate, however, in relation to the results of recent inspections, the ECB reported certain areas of improvement under the governance, the reporting and the control of liquidity risk.

Risks associated with system liquidity support

Due to the financial market crisis, followed by instability, the reduced liquidity available to operators in the sector, the increase in risk premium and the higher capital requirements imposed by the supervisory authorities, also following the results of the comprehensive assessment, there has been a widespread need to guarantee higher levels of capitalisation and liquidity for banking institutions.

This situation has meant that government authorities and national central banks the world over have had to take action to support the credit system (in some cases by directly acquiring banks' share capital), and has caused some of the biggest banks in Europe and in the world to turn to central institutions in order to meet their short-term liquidity needs. These forms of financing have been made technically possible where supported by the provision of securities in guarantee considered suitable by the various central institutions.

In this context, the ECB has implemented important interventions in monetary policy, both through the conventional channel of managing interest rates, and through unconventional channels, such as the provision of fixed rate liquidity with full allotment, the expansion of the

list of assets that can be allocated as a guarantee, longer-term refinancing programmes such as the "*Targeted Longer-Term Refinancing Operation*" ("**TLTRO**") introduced in 2014 and the TLTRO II introduced in 2016, the purchases on the debt securities market (i.e. the so-called outright monetary transactions launched in 2012 and quantitative easing announced in 2015). These interventions contributed to reducing the perception of risk towards the banking system, mitigating the size of the funding liquidity risk and also contributed to reducing speculative pressures on the debt market, specifically with regard to so-called peripheral countries.

At 31 March 2017, the UniCredit Group's debt with the ECB through TLTRO amount to a total of €51.15 billion with a timetable of maturities between the end of June 2020 and the end of March 2021.

With reference to TLTRO II operations, it is further stated that at 31 March 2017 the Group presented, within a three-month time horizon, an amount of eligible assets, net of the haircuts required for access to refinancing operations with the ECB, of approximately €58 billion as far UniCredit is concerned (UniCredit Ireland plc and UniCredit International Bank Luxembourg SA included), of approximately €33 billion in UCB AG (including UniCredit Luxembourg SA), for the remaining of the TLTRO II program, about €14.9 billion in UCB Austria.

Taking into account refinancing operations other than TLTRO II (e.g. one-week refinancing operations), as at 31 March 2017, the UniCredit Group had a total debt position against the ECB of €1.2 billion.

It is not possible to predict the duration and the amounts with which these liquidity support operations can be repeated in the future, with the result that it is not possible to rule out a reduction or even the cancellation of this support. This would result in the need for banks to seek alternative sources of borrowing, without ruling out the difficulties of obtaining such alternative funding as well as the risk that the related costs could be higher. Such a situation could therefore adversely affect UniCredit's business, operating results and the economic, financial and / or financial position of UniCredit and / or the Group.

For the sake of completeness, also note that in spite of the positive impacts of these operations to support the liquidity in the macroeconomic context, there is the risk that an expansionary monetary policy (including specifically, quantitative easing) may have an effect on keeping interest rates, currently already negative for short- and medium-term due dates, at minimum levels for all major due dates, with consequent negative effects on the profitability of UniCredit, as well as on the operating results and capital and/or financial position of UniCredit and / or the Group.

Risks related to intra-group exposure

The UniCredit Group companies have historically financed other Group companies, in line with the practices of other banking groups operating in multiple countries, by transferring excess liquidity from one Group legal entity to another. In the past, one of the most significant intra-group exposures was that of UCB AG vis-à-vis UniCredit. UCB AG also has considerable continuous intra-group credit exposures, because the Group's investment banking activities are centralised within it and it acts as an intermediary between Group legal entities

and market counterparties in financial risk hedging transactions. Due to the nature of this activity, UCB AG's intra-group credit exposure is volatile and may undergo significant changes from day to day.

As a result of the financial crisis, in many of the countries in which the Group operates, the supervisory authorities have adopted measures aimed at reducing the exposure of banks operating within these territories to associated banks that operate in countries other than those in which the said authorities exercise their regulatory powers. In this context, some supervisory authorities have asked that the Group companies reduce their credit exposure to other Group companies and, in particular, their exposure to UniCredit. This has prompted UniCredit to implement self-sufficiency policies, based essentially on improving the funding gap and using financing from outside the Group where necessary.

In view of the significance of the exposure and the considerations relating to UCB AG's role, as described above, UniCredit's exposure to UCB AG will now be addressed in more detail.

Pursuant to the applicable German regulations, when certain conditions are fulfilled, credit institutions can exclude intra-group exposures from their overall limit for major risks, or apply weights of less than 100 per cent. to said exposures. UCB AG applies this exemption for intra-group exposures. If this exemption were no longer available due to changes in the regulatory framework or for other reasons, UCB AG may have to increase its regulatory capital in order to maintain the minimum solvency ratio established by the regulations for major risks.

In Germany, in light of the overall level of intra-group exposure of UCB AG and the consequent discussions between UniCredit, UCB AG, the German Federal Financial Supervisory Authority (BaFin) and Bank of Italy, UniCredit and UCB AG have agreed to reduce the net intra-group exposure of UCB AG by providing appropriate guarantees, which include liens on financial instruments held by UniCredit.

The adoption of the principle of self-sufficiency by the Group companies has led, as previously mentioned, to the adoption of very strict policies to reduce the funding gap, not only in Italy, but in all subsidiaries. The combined action of such policies could result in a deterioration, whether real or perceived, in the credit profile (particularly in Italy) and could have a significant negative effect on borrowing costs and, consequently, on the operating and financial results of the Issuer and of the Group.

Market risks

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading Book, as well as those posted in the Banking Book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments. Market risk management within the UniCredit Group accordingly includes all activities related to cash transactions and capital structure management, both for the Parent company, as well as for the individual companies making up the Group.

Specifically, the trading book includes positions in financial instruments or commodities held either for trading purposes or to hedge other elements of the trading book. In order to be subject to the capital treatment for the trading book in accordance with the applicable policy "Eligibility Criteria for the Regulatory Trading Book Assignment", the financial instruments must be free from any contractual restrictions on their being traded, or the relative risk must be able to be totally immunised. Furthermore, the positions must be frequently and accurately valued and the portfolio must be actively managed.

The risk that the value of a financial instrument (asset or liability, liquidity or derivative instrument) may change over time is determined by five standard market risk factors: (i) credit risk: the risk that the value of an instrument may decrease due to a change in credit spreads; (ii) share price risk: the risk that the value of an instrument may decrease due to changes in share prices or indices; (iii) interest rate risk: the risk that the value of an instrument may decrease due to a change in interest rates; (iv) exchange rate risk: the risk that the value of an instrument may decrease due to a change in exchange rates; and (v) commodity price risk: the risk that the value of an instrument may decrease due to a change in the prices of commodities (e.g. gold, crude oil).

The UniCredit Group manages and monitors its market risk using two sets of measures: (i) broad market risk measures; and (ii) granular market risk measures.

The broad risk measures include:

- Value at Risk ("**VaR**"), the potential loss in value of a portfolio over a defined time period for a given confidence interval;
- Stressed VaR ("**SVaR**"), which represents the potential VaR of a portfolio subject to a period of 12 months of significant financial stress;
- Incremental Risk Charge ("**IRC**"), the amount of regulatory capital aimed at addressing the credit shortcomings (migration and default risks) that can affect a portfolio in a defined time period for a given confidence interval;
- Loss as Warning Level ("**LWL**"), set as the 60 days rolling period Accumulated Economic P&L; and
- Stress Test as Warning Level ("**STWL**"), the potential loss in value of a portfolio calculated on the basis of a specific identified scenario.

As well as being a fundamental metric for calculating the required capital for the trading book, VaR is also used for managerial purposes, as a measure of risk for the trading book and banking book together.

The granular risk measures include:

- Sensitivity levels, which represent the change in the market value of a financial instrument due to small moves of the relevant market risk asset classes/factors;
- Stress scenario levels, which represent the change in the market value of a financial instrument due to large moves of the relevant market risk asset classes/factors;

- Nominal levels, which are based on the notional value of the exposure.

Based on the aforementioned measures, two sets of limits are defined:

- The Broad Market Risk Limits (LWL, STWL, VaR, SVaR, IRC): these have the purpose of defining a limit to the absorption of economic capital and to the economic loss accepted for trading activities; these limits must be consistent with the revenue budget allocated and the risk-taking capacity assumed.
- The Granular Market Risk Limits (limits on sensitivity, stress scenarios and nominal values): these exist independently, but act in parallel to the Broad Market Risk Limits, and operate on a consolidated basis in all Entities (where possible); in order to monitor efficiently and specifically various types of risks, portfolios and products, these limits are generally associated with specific sensitivities or stress scenarios. The levels set for the Granular Market Risk Limits aim to limit concentrated exposure to individual risk factors or excessive exposure to risk factors that are not sufficiently represented by the VaR.

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Risks connected with interest rate fluctuations

The Group's activities are affected by fluctuations in interest rates in Europe and the other markets in which the UniCredit Group operates. Interest rate trends are, in turn, affected by various factors outside the Group's control, such as the monetary policies, macroeconomic context and political conditions of the countries in question; the results of banking and financing operations also depend on the management of the UniCredit Group's exposure to interest rates, that is, the relationship between changes in interest rates in the markets in question and changes in net interest income. More specifically, an increase in interest rates may result in an increase in the Group's financing cost that is faster and greater than the increase in the return on assets, due, for example, to a lack of correspondence between the maturities of the assets and the liabilities that are affected by the change in interest rates, or a lack of correspondence between the degree of sensitivity to changes in interest rates between assets and liabilities with a similar maturity. In the same way, a fall in interest rates may also result in a reduction in the return on the assets held by the Group, without an equivalent decrease in the cost of funding.

These events, as well as the protracted, ongoing situation with interest rates at historically low levels, in some cases, even negative, could lead to continued pressure to reduce interest margins as well as having effects on the value of the assets and liabilities held by the Group.

The UniCredit Group implements a hedging policy of risks related to the fluctuation of interest rates.

Such hedges are based on estimates of behavioural models and interest rate scenarios, and an unexpected trend in the latter may have major negative effects on the activity, operating results and capital and financial position of the Group.

A significant change in interest rates may also have a major negative impact on the value of the assets and liabilities held by the Group and, consequently, on the operating results and capital and/or financial position of the Issuer and/or the Group.

As far as the banking book is concerned, the main metrics adopted are:

- the analysis of the sensitivity of the interest margins following exogenous changes in rates, in different scenarios of changes to rate curves involving maturity and time frames of 12 months; and
- the analysis of changes in the economic value of capital following various rate curve change scenarios in the long-term.

Lastly, please note that under the scope of the 2016 SREP, the ECB notified UniCredit of certain vulnerable areas relating to interest rate risk in the banking book. Specifically, the ECB reported the lack of an adequate infrastructure for the aggregation, management and consolidation of exposures at Group level and vulnerabilities in the capacity of the existing systems to correctly reflect the impact of negative rates.

Risks connected with exchange rates

A significant portion of the business of the UniCredit Group is done in currencies other than the Euro, predominantly in Polish zloty[1], Turkish lira, U.S. dollars, Swiss francs and Japanese yen. This means that the effects of exchange rate trends could have a significant influence on the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group. This exposes the UniCredit Group to the risks connected with converting foreign currencies and carrying out transactions in foreign currencies.

If one considers the exchange risk deriving from the trading book as well as the banking book, including the commercial bank, which then can affect the Group's operating results, the UniCredit Group is exposed mainly to foreign-exchange risk toward the Polish Zloty, mainly arising from foreign exchange hedging of expected future cash flows due to the sale of Bank Pekao SA and the U.S. dollar.

The significance of the level of exposures denominated in currencies other than the euro, in terms of both fluctuations in rates and forced conversion risk, is also indicated by the ECB as an area of vulnerability, uncertainty and potential risk, in terms of the deterioration of the credit quality of assets at the conclusion of the 2016 SREP.

The financial statements and interim reports of the UniCredit Group are prepared in Euro and reflect the currency conversions necessary to comply with the International Accounting Standards ("**IAS**").

The Group implements an economic hedging policy for dividends from its subsidiaries outside the Eurozone. Market conditions are taken into consideration when implementing such strategies. However, any negative change in exchange rates and/or a hedging policy that turns

[1] For the sake of completeness, note that the UniCredit Groups' activities in Polish zloty are mainly conducted by Bank Pekao and its subsidiaries.

out to be insufficient to hedge the related risk could have major negative effects on the activity, operating results and capital and financial position of the Issuer and/or the Group.

Risks associated with borrowings and evaluation methods of the assets and liabilities of the Issuer

In conformity with the framework dictated by the International Financial Reporting Standars ("**IFRS**"), the Issuer should formulate evaluations, estimates and theories that affect the application of accounting standards and the amounts of assets, liabilities, costs and revenues reported in the financial statements, as well as information relating to contingent assets and liabilities. The estimates and related hypotheses are based on past experience and other factors considered reasonable in the specific circumstances and have been adopted to assess the assets and liabilities whose book value cannot easily be deduced from other sources.

The application of IFRS by the UniCredit Group reflects the interpretation decisions made with regard to said principles. In particular, the measurement of fair value is regulated by IFRS 13 "*Fair Value Measurement*".

Specifically, the Issuer adopts estimation processes and methodologies in support of the book value of some of the most important entries in the financial statements, as required by the accounting standards and reference standards described above. These processes, based to a great extent on estimates of the future recoverability of the values recorded in the financial statements, bearing in mind the developmental stage of the evaluation models and practices in use, were implemented on a going concern basis, in other words leaving aside the theory of the compulsory liquidation of the items subject to valuation.

In addition to the risks implicit in the market valuations for listed instruments (also with reference to the sustainability of values over a period of time, for causes not strictly related to the intrinsic value of the actual asset), the risk of uncertainty in the estimate is essentially inherent in calculating the value of: (i) the fair value of financial instruments not listed on active markets; (ii) receivables, equity investments and, in general, all other financial assets/liabilities; (iii) severance pay and other employee benefits; (iv) provision for risks and charges and contingent assets; (v) goodwill and other intangible assets; (vi) deferred tax assets; and (vii) real estate, specifically held for investment purposes.

The quantification of the above-mentioned items subject to estimation can vary quite significantly in time depending on trends in: (i) the national and international socio-economic situation and consequent reflections on the profitability of the Issuer and the solvency of customers; (ii) the financial markets, which influence the fluctuation of interest and foreign exchange rates, prices and actuarial bases; (iii) the real estate market, with consequent effects on the real estate owned by the Group and received as guarantees; and (iv) any changes to existing regulations.

The quantification of fair value can also vary in time as a result of the corporate capacity to effectively measure this value based on the availability of adequate systems and methodologies and updated historical-statistical parameters and/or series.

In addition to the above-mentioned explicit factors, the quantification of the values can also vary as a result of changes in managerial decisions, both in the approach to evaluation systems and as a result of the revision of corporate strategies, also following changed market and regulatory contexts.

Due to the measurement at fair value of its liabilities, the Group could benefit financially if its credit spread or that of its subsidiaries worsens. This benefit (lower value of liabilities, net of associated hedging positions), could lessen if said spread improves, with a negative effect on the Group's income statement. These effects, positive and negative, are, in any event, destined to be reabsorbed as the liabilities come to a natural end.

Specifically with reference to the measurement of investments in associates and joint ventures (as defined by IAS 28) or unconsolidated control or control for the purpose of the separate financial statements of the Issuer note that in line with the provisions of IAS 36, the adequacy of the book value of equity investments is regularly checked through impairment tests. Note that the measurements were made particularly complex in view of the macroeconomic and market context, the regulatory framework and the consequent difficulties and uncertainties involving the long-term income forecasts. Therefore the information and parameters used for recoverability checks, which were significantly affected by the factors mentioned above, could develop in different ways to those envisaged. If the Group were forced, as a result of extraordinary and/or sales transactions, as well as changing market conditions, to review the value of equity investments held, it could be compelled to make write-downs, including significant ones, with possible negative effects on the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group.

Risks relating to deferred taxes

Deferred tax assets ("**DTAs**") and liabilities are recognised in UniCredit's consolidated financial statements according to accounting principle IAS 12. As of 31 December 2016, DTAs amounted in aggregate to €14,018 million, of which €11,340 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (the "**Law 214/2011**"). As of 31 December 2015, DTAs amounted to €14,371 million, of which €11,685 million was available for conversion to tax credits pursuant to Law 214/2011.

Under the terms of Law 214/2011, DTAs related to loan impairments and loan losses, or to goodwill and certain other intangible assets, may be converted into tax credits where the company has a full-year loss in its non-consolidated accounts (to which such convertible DTAs relate) ("**Convertible DTAs**"). The conversion into tax credits operates with respect to Convertible DTAs recognised in the accounts of the company with the non-consolidated full-year loss, and a proportion of the deferred tax credits are converted in accordance with the ratio between the amount of the full-year loss and the company's shareholders' equity.

Law 214/2011 also provides for the conversion of Convertible DTAs where there is a tax loss on a non-consolidated basis. In such circumstances, the conversion operates on the Convertible DTAs recognised in the financial statements against the tax loss, limited in respect of the part of the loss generated from the deduction of the same categories of negative income

components (loan impairments and loan losses, or related to goodwill and other intangible assets).

In the current regulatory environment, recovery of Convertible DTAs is normally assured even in the event UniCredit does not generate sufficient taxable income in the future to make use of the deductions corresponding to the Convertible DTAs in the ordinary way. The tax regulations, introduced by Law 214/2011, and as confirmed in the document provided by Bank of Italy, the Commissione Nazionale per la Società e la Borsa ("**CONSOB**") and the Istituto per la Vigilanza sulle Assicurazioni (IVASS, the former ISVAP) entitled "Trattamento contabile delle imposte anticipate derivante dalla Legge 214/2011" (Accounting of the Convertible DTAs as effected by Law 214/2011), giving certainty of the recovery of Convertible DTAs, impact the sustainability/recoverability test provided for by the accounting principle IAS 12, making it automatically satisfied in regards to this particular category of deferred tax asset. The regulatory environment provides for a more favorable treatment of Convertible DTAs than for other kinds of DTAs. For the purposes of the capital adequacy regime which applies to us, the former are not included as deductions from own funds like the other DTAs and contribute to the determination of the risk weighted assets ("**RWA**" or "**Risk Weighted Assets**") at a 100 per cent. weighting.

With regard to the Convertible DTAs, in accordance with Law 214/2011, Legislative Decree No. 59/2016 (ratified by law on 30 June 2016), as recently amended by Law Decree of 23 December 2016, No. 237 (the "**Law Decree No. 237/2016**") (passed by law on 17 February 2017), established, inter alia, provisions on deferred tax receivables, allowing companies involved in the regulation of Convertible DTAs to continue to apply the existing rules on conversion of DTAs into tax credits, provided that they exercise an appropriate irrevocable option and that they pay an annual fee in respect of each tax year from 2016 until 2030. This rule should eliminate the doubts raised by the European Commission as to whether the regulatory treatment of DTAs in Italy could potentially be qualified as unlawful state aid. The fee for a given year is determined by applying a 1.5 per cent. tax rate to a base obtained by adding (i) the difference between the Convertible DTAs recorded in the financial statements for that financial year and the corresponding Convertible DTAs recorded in the 2007 financial statements for IRES and 2012 financial statements for IRAP and (ii) the total amount of conversions into tax credits made until the year in question, net of taxes, identified by the Decree, paid with regard to the specific tax years established by the Decree. Such fee is deductible for income tax purposes.

UniCredit exercised the above-mentioned option by paying before 31 July 2016 deadline the fee due for 2016 of €126.9 million by the Group companies to which such regime is applicable. In the consolidated financial statements for the financial year ended 31 December 2016, an estimated amount of €253.7 million was recognized, which includes the fee due for the year 2015, paid in July 2016, and an estimation of the fee due for year 2016. On 17 February 2017, upon conversion into law of the Decree "*salva-risparmio*" (Law Decree No. 237/2016), amendments to article 11 of the Law Decree 59/2016 has been introduced, among which the one year postponement for the DTA fee payment period from 2015-2029 to 2016-2030. These amendments have been considered as "nonadjusting events" as of 31 December

2016, the preconditions of "virtual certainty" and "substantively enactment" required by the IFRS in order to recognise the effect of these amendments where not fulfilled in the consolidated financial statements for the financial year ended 31 December 2016.

With reference to future Convertible DTAs, by effect of Legislative Decree No. 83/2015, converted into law in August 2015, such amount will not increase in the future. In particular, the requirement for the recognition of DTAs in relation to write-downs and losses on loans has ceased to apply in 2016, as such costs have become fully deductible by virtue of their inclusion in the financial statements. Also as a result of Legislative Decree No. 83/2015, DTAs relating to goodwill and certain other intangible assets recorded from 2015 onward will no longer be convertible into tax credits.

From 2015 onwards, the immediate deductibility of write-downs and losses on loans means a significant reduction of the portion of UniCredit's consolidated income that is subject to IRES and IRAP (both as defined below).

Convertible DTAs related to impairments of loans, which, as of 31 December 2016, amounted to €5,768 million (€6,171 million as of 31 December 2015), are similarly deemed to decrease over time to zero in fiscal year 2025, as a result of the assets' gradual conversion into current tax assets. This amount comes from the pre-existing tax treatment of the write-downs and losses on loans, which, until 2015, were deductible from taxable income only in relation to a small proportion of the balance sheet, and, in relation to the excess, could only be deducted in the quotas set by the tax provisions, which is different to other countries, where such negative components were fully deductible.

Convertible DTAs related to goodwill and certain other intangible assets relevant for tax purposes amounted to €5,744 million as of 31 December 2016 (€5,781 million as of 31 December 2015). Such assets are expected to be naturally reduced over time, as they are gradually converted into current tax assets. The fiscal amortisation of such assets takes place on a straight-line basis over several years. Currently, it is not expected that there will be any increase in tax-deferred assets arising solely from tax recognition of goodwill as a result of any acquisition of business divisions or similar long-term investments (the fact remains that, in any case, such DTAs would not be convertible).

Non-convertible DTAs related to deductible administrative costs in the years following their recognition in the financial statements (typically provisions for risks, costs related to net equity increase, etc.) amounted to €4,600 million gross of compensation between DTA and Deferred Tax Liabilities ("**DTL**") as of 31 December 2016 (compared to €5,021 million gross of compensation between DTA and DTL as of 31 December 2015).

As of 31 December 2016, non-convertible DTAs for tax losses totaled €524 million (€487 million as of 31 December 2015) related primarily to the German subsidiary, Bayerische Hypo-und Vereinsbank AG (HVB), for €366 million (€369 million as of 31 December 2015), and related to UniCredit for €90 million (zero as of 31 December 2015). Pursuant to accounting principle IAS 12, the DTA on the tax losses carried forward and on the ACE surpluses, together with other DTAs that are not convertible into tax credits pursuant to Law 214/2011, have been recorded in the consolidated financial statements for the financial year

ended 31 December 2016 (as well as in the consolidated financial statements for the financial year ended 31 December 2015) upon verification of the reasonable existence of future taxable incomes as shown from the business plan sufficient to ensure their recovery in the coming years (known as the probability test).

In particular, with regard to the deconsolidation of the non-performing loan portfolio, together with the change of tax treatment of losses on loans to customers (which are now fully tax deductible in the same year in which they are accrued), UniCredit projected decreased future taxable income with the effect of lengthening the recovery timeframe of relevant DTAs. This will have subsequent impacts on the valuation of the previously recognised non-convertible DTAs and on the recognition of DTAs on tax losses, notwithstanding the fact that the current IRES tax law provides for recovery, without a time limit, of any tax losses eventually incurred.

As of 31 December 2016, the sustainability test was performed pursuant to IAS 12 in order to verify whether the projected future taxable income is sufficient to absorb the future reversal of DTAs on tax losses and on temporary differences. The test takes into account the amount of taxable income currently foreseeable for future years and the projection of the DTA conversion pursuant to Law No. 214/2011 over a five-year time period. Based on the outcome of the test, for the year ended 31 December 2016, a limited portion of DTAs, related to both tax losses and temporary differences, was recognised.

Risks connected with interests in the capital of Bank of Italy

UniCredit currently holds a 16.5 per cent. shareholding in the Bank of Italy, with a book value as of 31 December 2016 of €1.241 million. In 2013, in order to promote the reallocation of shareholdings, the Bank of Italy introduced a cap on ownership of its shares of 3 per cent. and a loss of rights to dividends on shares in excess of this limit from December 2016. UniCredit has received dividends on its holding in the Bank of Italy of €10.2 million for the first quarter of 2017, €61 million for the financial year ended 31 December 2016, €75 million for the financial year ended 31 December 2015 and €84 million for the financial year ended 31 December 2014.

With reference to the regulatory treatment of UniCredit's shareholding in the Bank of Italy, the carrying value is risk weighted at 100 per cent. (according to Article 133 of the CRD IV Regulation "Equity exposure"); the revaluation recognised on the income statement of UniCredit for the year ended 31 December 2013 is not filtered out.

Counterparty risk in derivative and repo operations

The UniCredit Group negotiates derivative contracts and repos on a wide range of products, such as interest rates, exchange rates, share prices/indices, commodities (precious metals, base metals, oil and energy materials) and credit rights, as well as repos, both with institutional counterparties, including brokers and dealers, central counterparties, central governments and banks, commercial banks, investment banks, funds and other institutional customers, and with non-institutional Group customers.

These operations expose the UniCredit Group to the risk that the counterparty of said derivative contracts or repos may fail to fulfil its obligations or may become insolvent before

the contract matures, when the Issuer or one of the other Group companies still holds a credit right against the counterparty.

This risk, which was increased by the volatility of the financial markets, may also manifest itself when netting agreements and collateral guarantees are in place, if such guarantees provided by the counterparty in favour of the Issuer or one of the Group companies in connection with exposures in derivatives are not realised or liquidated at a value that is sufficient to hedge the exposure relating to said counterparty.

The counterparty risk associated with derivatives and/or repo operations is monitored by the Group via guidelines and policies aimed at managing, measuring and controlling such risk. Specifically, the entire framework involves rules for the admission of risk mitigation, such as netting agreements only if there is a positive clear legal opinion in the jurisdiction in which the counterparty operates and stringent rules regarding the collateral accepted (cash in the currency of low risk countries, quality in terms of issuer and country ratings, liquidity of the instrument, type of instrument accepted), in order to reduce the risks consistent with the current regulation and operate within the defined risk appetite. It cannot, however, be ruled out that failure by the counterparties to fulfil the obligations they assumed pursuant to the derivative contracts stipulated with the Issuer or one of the Group companies and/or the realisation or liquidation of the related collateral guarantees, where present, at insufficient values may have major negative effects on the activity, operating results and capital and financial position of the Issuer and/or Group.

Under the scope of its operations the Group also concludes derivative contracts with central governments and banks. Any changes in applicable regulations or in case-law guidelines, as well as the introduction of restrictions or limitations to such transactions, may have impacts (including potentially retroactive impacts) on the Group's operations with said counterparties, with possible negative effects on the activity, operating results and capital and financial position of the Issuer and/or Group. In this regard it should be noted that at the date of this Prospectus, the Court of Auditors is conducting investigations into transactions in derivative contracts between the Public Administration and certain counterparties (not including the UniCredit Group), the outcome of which remains uncertain at the date of the this Prospectus. However, it cannot be excluded that, as a result of such proceedings and their findings, guidelines capable of causing negative consequences for the UniCredit Group may become consolidated.

Risks connected with exercising the Goodwill Impairment Test and losses in value relating to goodwill

As at 31 December 2016, the UniCredit Group's intangible assets stood at €3.19 billion (of which €1.48 billion related to goodwill) representing 8 per cent. of the Group's consolidated shareholders' equity and 0.4 per cent. of consolidated assets.

The parameters and information used to verify the sustainability of the goodwill (specifically the financial projections and discount rates used) were greatly influenced by the macroeconomic and market context, which could be affected by unforeseeable changes at the date of this Prospectus. The effect of these changes, as well as changes in corporate strategies,

could lead to a revision in the financial statements of future years of the cash flow estimates relating to individual operating sectors and the adoption of the main financial parameters (discount rates, expected growth rates, common equity tier 1 ratio, etc.) which could have repercussions on the future results of impairment tests, with consequent possible further adjustments in value to goodwill and impacts, including significant ones, on the operations, balance sheet and/or income statement of the Issuer and/or the Group.

For further information see the Notes to the Financial Statements, Part B, Assets, Section 13 "Intangible Assets" of the "Consolidated Reports and Accounts - General Meeting Draft" for the year ended at 31 December 2016.

Risks connected with existing alliances and joint ventures

At the date of this Prospectus, the UniCredit Group has several alliance agreements, as well as several shareholders' agreements stipulated by the Group and other parties under the scope of co-investment agreements (e.g. agreements for the establishment of joint ventures), with special reference to the insurance sector (Aviva S.p.A., CNP UniCredit Vita S.p.A., Creditras Assicurazioni S.p.A., Creditras Vita S.p.A. and Incontra Assicurazioni S.p.A.) and with reference to which there are also distribution agreements.

Under the scope of these agreements, as per market practice, there are investment protective clauses which, depending on the case, allow the parties to negotiate their respective positions on the underlying investment in the case of their exit, through mechanisms that require purchase and/or sale. These provisions are usually applied after a certain period of time and/or when specific events occur, also connected to the underlying distribution agreements.

At the date of this Prospectus, the underlying assumptions of the above-mentioned protective investment clauses have not been met and therefore, as at the date of this Prospectus, the Issuer does not have definitive obligations to purchase the equity investments pertaining to one or more contractual counterparties. If these assumptions were to be met and the Issuer and/or one or more of the UniCredit Group companies were to be compelled to buy the investments pertaining to one or more contractual counterparties, they may have to cope with possibly significant outlays in order to fulfil their obligations which may have negative effects on the operations, balance sheet and/or income statement of the Issuer and/or the Group.

In addition, as a result of these purchases the UniCredit Group might see its own investment share in these parties increase (thereby also gaining control), with impacts on the calculation of deductions relating to positions held in entities in the financial sector and/or with the consequent need to deal with subsequent investments, all of which could have negative impacts on the Group's capital ratios.

In addition, under the scope of the transaction relating to the sale of the Pioneer Global Asset Management S.p.A.'s ("**PGAM**") assets, UniCredit, UCB AG and UniCredit Bank Austria AG ("**UCB Austria**") will sign separate distribution agreements with several companies of the group whose parent company is PGAM. These agreements involve UniCredit Group companies meeting specific annual targets in terms of sales volumes, which, if they fail to reach will result in the activation of specific compensation liabilities pertaining to the

respective UniCredit Group companies, which could result in negative impacts on the operating results and capital and financial position of the Issuer and/or the Group. In addition, if the distribution agreements are terminated in certain situations identified in the Master Sale and Purchase Agreement (relating mainly to the termination of distribution agreements through the violation by UniCredit or one of the subsidiaries of the UniCredit Group of the obligations and/or commitments therein and/or interventions by the supervisory authorities), the price reduction mechanisms could be activated on behalf of the purchaser (i.e. Amundi S.A.).

Risks connected with the performance of the property market

The UniCredit Group is exposed to the risks of the property market, both as a result of investments held directly in properties owned (both in Italy and abroad), and as a result of loans granted to companies operating in the property sector where the cash flow is generated mainly by the rental or sale of properties (commercial real estate), as well as due to granting loans to individuals where the collateral is property.

Any downturn in the property market (already seen in recent years through a fall in market prices) could result in the Group having to make impairments to the property investments it owns at a value that is higher than the recoverable value, with consequent negative effects, including significant ones, on the operating results and capital and financial position of the Issuer and/or the Group.

Under the scope of property transactions, commercial real estate is the sector that has seen a greater fall in market prices and the number of transactions in recent years; as a result, the subjects operating in this section have had to deal with a decrease in transaction volumes and margins, an increase in commitments resulting from financial expenses, as well as greater difficulties in refinancing, with negative consequences on the profitability of their activities, which could have a negative impact on the ability to repay the loans granted by the Group.

With reference to commercial real estate transactions and granting loans to individuals where the collateral is property, note that any deterioration of the property market could result in the need of the Group to make value adjustments to the loans supplied to companies operating in the sector and/or to private individuals and/or to loans guaranteed by properties, with consequent negative effects, including significant ones, on the operations, balance sheet and/or income statement of the Issuer and/or the Group.

In this scenario, in spite of the fact that the provision of loans is usually accompanied by the issuing of collateral and the Group has valuation procedures at the time of the issuing as well as monitoring processes for the value of the guarantees received, the Group still remains exposed to the risk of price trends in the property market.

Specifically, the continuation of poor market conditions and/or, more generally, the protracted economic-financial crisis could lead to a fall in value of the collateral properties as well as difficulties in terms of monetisation of said collateral under the scope of enforcement procedures, with possible negative effects in times of realisation times and values, as well as on the operations, balance sheet and/or income statement of the Issuer and/or the Group.

Risks connected with pensions

The UniCredit Group is exposed to certain risks relating to commitments to pay pension benefits to employees following the termination of their employment. These risks vary depending on the nature of the pension plan in question.

A distinction therefore needs to be made between: (i) defined-benefit plans, which guarantee employees a series of benefits that depend on factors such as age, years of service and compensation requirements; and (ii) defined-contribution plans, whereby the company pays fixed contributions and the benefit is based on the accumulated amount (made up of the contributions themselves and the return on them).

More specifically, in relation to the commitments connected to defined-benefit plans, the UniCredit Group assumes both the actuarial risk and the investment risk. The assumed liability reflects an estimate, which is calculated based on IFRS. Therefore, depending on the actuarial risk and investment risk, as well as the demographic and market contexts, the amount of said liability could be lower than the amount of the benefits to be paid over time, potentially resulting in major negative effects on the UniCredit Group's capital and financial position.

Specifically, at the date of this Prospectus, there are numerous defined-benefit plans within the UniCredit Group, established in Italy and abroad.

The Group's plans do not include assets held for sale with the exception of the defined-benefit plans in Germany - including the Direct Pension Plan (namely an external fund managed by independent trustees), the "HVB Trust Pensionfonds AG" and the "Pensionkasse der Hypovereinsbank WaG", all three established by UCB AG – and the defined-benefit plans established by UniCredit and by UCB AG in the United Kingdom and in Luxembourg by UniCredit.

From 1 January 2013, as a result of the entry into force of the amendments to IAS 19 (IAS 19R), the elimination of the corridor approach has had an impact on the shareholders' equity of the Group connected with the recognition in the valuation reserve of actuarial profits or losses not previously recognised.

In addition to the above, in the context of the restructuring activities of UCB Austria, UCB Austria and the Workers' Council, signed an agreement that involves the definitive move of its employees to the state pension system (on the other hand the employees of UCB Austria already retired at this date will not be involved). The Austrian Parliament approved a new law which involves the framework governing the transfer of pension obligations relating to UCB Austria employees from the company to the national pension system; however, there is the risk that the retirees could oppose to the agreement signed by UCB Austria and the Workers' Council, challenging the transfer to the state pension system, with possible negative consequences, also of a reputational nature, on the activities and the capital and financial position of the Issuer and/or the Group.

Risks connected with risk monitoring methods and the validation of such methods

The UniCredit Group has an organisational structure, corporate processes, human resources and expertise that it uses to identify, monitor, control and manage the various risks that characterise its operations, and develops specific policies and procedures for this purpose.

The Group's Risk Management division oversees and controls the various risks at Group level and guarantees the strategic planning and definition of the risk management policies implemented locally by the Risk Management structures of the Group entities. Some of the methods used to monitor and manage such risks involve observing historic market trends and using statistical models to identify, monitor, control and manage risks.

The Group uses internal models for measuring both credit risk and market and operating risk. As at the date of this Procpectus, these models, where used for the purpose of calculating the capital requirements, were validated by the regulatory authority.

However, the above-mentioned methods and strategies could prove to be inadequate or the valuations and assumptions underpinning these policies and procedures could turn out to be incorrect, exposing the Issuer to unexpected risks or risks which may not have been correctly quantified so therefore UniCredit and/or the Group could suffer losses, even significant ones, with possible negative effects on the operations, balance sheet and/or income statement of the Issuer and/or the Group.

In addition, in spite of the presence of the above-mentioned internal procedures aimed at identifying and managing the risk, the occurrence of certain events, which cannot currently be budgeted for or assessed, as well as the incapacity of the Group's structures and human resources to include elements of risk in carrying out certain activities, could, in the future, lead to losses and therefore have a significant negative impact on the operations, balance sheet and/or income statement of the Issuer and/or the Group.

Over the course of routine inspections, the ECB and the regulatory authorities of the countries in which the Group operates have identified a series of areas of improvement in the Group models, specifically the Italian ones. The implementation of these improvements, which would involve a greater capital requirement given the same assets, is already reflected in the 2016-2019 Strategic Plan. Moreover, these actions to adapt the internal models will be subject, in any event, to the approval of the regulatory authorities. Their overall impact in terms of capital will therefore depend on the regulatory developments in the regulatory capital calculation rules as well as on the development of the volumes of assets and how these volumes differ compared with the Strategic Plan.

There is a possibility that, following investigations or checks carried out by supervisory authorities in the countries in which the Group operates, the internal models may be considered no longer sufficient, potentially having a significant negative impact on the calculation of capital requirements.

In this regard, please note that under the scope of the 2016 SREP the ECB notified UniCredit of vulnerable areas relating to the risk culture and the overall governance of the risk of internal models. Specifically, in the ECB's opinion, there are still weaknesses in the IT infrastructure in terms of governance, aggregation at Group level, reconciliation and reporting of risk data, although ECB acknowledges the significant investments made by UniCredit to strengthen IT systems. In addition, with special reference to credit risk, weaknesses have been identified in data quality and in the development of the internal models reviewed by the ECB, which call into question the effectiveness of the internal validation function.

The ECB acknowledged that UniCredit's ICAAP (the "**Internal Capital Adequacy Assessment Process**") covers all categories of significant risk, however, some areas requiring attention have been identified in relation to correlation methodologies and assumptions, to concentration and diversification of intra-risk in the scope of the credit portfolio model. Therefore, the ECB has asked UniCredit to improve the supporting information justifying the reliability of the model assumptions.

Lastly, in the light of the regulatory developments involving the adoption of internal models, it will probably be necessary to revise some models to ensure that they conform in full to the new regulatory requirements. For the specific segments currently managed through internal models it may also be necessary to impose the adoption of the standardised approach, that is under revision at the date of this Prospectus. The new regulatory features, which involve the entire banking system, could therefore involve changes to capital measures, but they will, however, come into force after the time horizon of the 2016-2019 Strategic Plan.

Risks relating to IT system management

The complexity and geographical distribution of the UniCredit Group's activities requires, among other things, a capacity to carry out a large number of transactions efficiently and accurately, in compliance with the various different regulations applicable. The UniCredit Group is therefore exposed to operational risk, namely the risk of suffering losses due to errors, violations, interruptions, damages caused by internal processes, personnel, strikes, systems (including IT systems on which the UniCredit Group depends to a great extent) or caused by external events.

Operational risk also includes legal risk and compliance risk, but not strategic risk and reputational risk. The main sources of operational risk statistically include the instability of operational processes, poor IT security, excessive concentration of the number of suppliers, changes in strategy, fraud, errors, recruitment, staff training and loyalty and, lastly, social and environmental impacts. It is not possible to identify one consistent predominant source of operational risk. The UniCredit Group has a system for managing operational risks, comprising a collection of policies and procedures for controlling, measuring and mitigating Group operational risks. These measures could prove to be inadequate to deal with all the types of risk that could occur and one or more of these risks could occur in the future, as a result of unforeseen events, entirely or partly out of the control of the UniCredit Group (including, for example, fraud, deception or losses resulting from the disloyalty of employees and/or from the violation of control procedures, IT virus/cyber attacks or the malfunction of electronic and/or communication services, possible terrorist attacks). The realisation of one or more of these risks could have significant negative effects on the activity, operating results and capital and financial position of the Issuer and/or the Group.

As far as operational risk is concerned, note that under the scope of the 2016 SREP, the ECB highlighted areas of vulnerability, stressing the need to closely monitor the risk resulting from judicial proceedings in progress or potential ones and organisational and procedural weaknesses in the compliance function which expose the Issuer to risks in that area that are far from negligible. The ECB also highlighted that where the provisions in Croatia and Hungary

for the forced conversion of exposures denominated in currency and the giving in payment law in Romania were to be classified as operational risk events, this could have a negative impact on the capital requirements of the Issuer. Lastly, the ECB recalled the findings from the latest IT inspection which refer to insufficient uniformity and comprehensiveness of the processes implemented within the Group.

Moreover, in the context of its operation, the UniCredit Group outsources the execution of certain services to third companies, regarding, inter alia, banking and financial activities, and supervises outsourced activities according to policies and regulations adopted by the Group. The execution of the outsourced services is regulated by specific service level agreements entered into with the relevant outsourcers. The failure by the outsourcers to comply with the minimum level of service as determined in the relevant agreements might cause adverse effects for the operation of the Group. In particular, the Issuer and the other Group companies are subject to the risk, including adverse actions by Supervisory Authorities, resulting from omissions, mistakes, delays or interruptions by the suppliers in the execution of the services offered, which might cause discontinuity with respect to the contractually agreed levels, in the service offered. Moreover, the continuity of the service level might be affected by the occurrence of certain events negatively impacting the suppliers, such as, for example, a declaration of insolvency, as well as the incurrence of certain suppliers in insolvency procedures.

Furthermore, if the existing agreements with the outsourcers terminated or ceased to have effect, it would not be possible to ensure that the Issuer can promptly enter into new agreements or enter into new agreements with non-negative terms and conditions in respect of the existing agreements as at the date of this Prospectus.

The UniCredit Group's operations depend on, among other things, the correct and adequate operation of the IT systems that the Group uses as well as their continuous maintenance and constant updating.

The UniCredit Group has always invested a lot of energy and resources in upgrading its IT systems and improving its defence and monitoring systems. However, possible risks remain with regard to the reliability of the system (disaster recovery), the quality, integrity and confidentiality of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the operations of the UniCredit Group, as well as on the capital and financial position of the Issuer and/or the Group.

Some of the more serious risks relating to the management of IT systems that the UniCredit Group has to deal with are possible violations of its systems due to unauthorised access to its corporate network, or IT resources, the introduction of viruses into computers or any other form of abuse committed via the Internet. Like attack attempts, such violations have become more frequent over the years throughout the world and therefore can threaten the protection of information relating to the Group and its customers and can have negative effects on the integrity of the Group's IT systems, as well as on the confidence of its customers and on the

actual reputation of the Group, with possible negative effects on the capital and financial position of the Issuer and/or the Group.

In addition, the investment by the UniCredit Group in important resources in software development creates the risk that when one or more of the above-mentioned circumstances occurs, the Group may suffer financial losses if the software is destroyed or seriously damaged, or will incur repair costs for the violated IT systems, as well as being exposed to regulatory sanctions.

In this regard, note that the possibility of capitalising the costs incurred for the development of IT systems and related software depends, among other things, on the possibility of demonstrating, on a recurring basis, the technical and financial feasibility of the project as well as its future usefulness.

The disappearance of these conditions as a result of the supervening technical or financial impossibility of bringing the project to a conclusion and/or technological obsolescence and/or changes in the business pursued and/or other unforeseeable causes, could determine the need to (i) consider removing, in full or in part, by recording write-downs in the income statement, the assets capitalised following the irrecoverability of the investments recorded in the statement of assets and liabilities and/or (ii) shortening the useful life calculated previously by increasing the amortisation rates in the income statement in the residual useful life period, with consequent negative effects, including significant ones, on the capital and financial position of the Issuer and/or the Group.

Risks connected with non-banking activities

In addition to the traditional banking activities of collecting deposits and granting loans, the UniCredit Group also carries out activities that may expose it to a higher level of credit and/or counterparty risk.

There is a risk that the counterparties of this type of operation, such as counterparties of trading operations or issuers of securities held by UniCredit Group companies, may not be able to fulfil their obligations towards the Group due to insolvency, political or economic events, a lack of liquidity, operating problems or other reasons. Default by the counterparties of a series of operations, or by the counterparty of one or more operations of considerable value, could have major negative effects on the activity, operating results and capital and financial position of UniCredit and/or the Group.

The UniCredit Group has also made a series of significant equity investments, some of which arose from the conversion of debt into a stake in the borrower's share capital as part of a debt restructuring process. Any operating or financial losses or risks that the subsidiaries or affiliates may be exposed to could, first of all, limit the possibilities for the UniCredit Group to dispose of the aforementioned equity investments and considerably reduce the value of said investments, with possible major negative effects on the Group's operating results and capital and financial position.

Furthermore, following the enforcement of guarantees and/or the signing of debt restructuring agreements, the Group holds and could in future acquire controlling or minority equity

investments in companies operating in sectors other than those in which the Group operates, including, by way of example and not exhaustively, the real estate, oil, energy, infrastructures, transport, telecommunications and IT and consumer goods sectors.

These sectors require specific knowledge and management expertise that the Group does not have. However, during the course of any disposal operations, the Group may have to manage such companies and possibly include them, depending on the extent of the stake acquired, in its consolidated financial statements. This exposes the Group to both risks relating to the activities carried out by the individual subsidiaries or affiliates and risks arising from inefficient management of such equity investments, with possible major negative effects on the operating results and capital and financial position of the relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

Risks connected with legal proceedings in progress and supervisory authority measures

Risks connected with legal proceedings in progress

As at the date of this Prospectus, there are legal proceedings (which may include disputes of a commercial nature, investigations and other contentious issues of a regulatory nature) pending with regard to UniCredit and other companies belonging to the UniCredit Group. Specifically, as at 31 December 2016, there were approximately 24,000 legal proceedings (other than labour law, tax and debt recovery related under the scope of which counterclaims were submitted or objections raised with regard to the credit claims of Group companies) and 514 labour law proceedings pending with regard to UniCredit. In addition, from time to time, directors, representatives and employees, including former ones, may be involved in civil and/or criminal cases, the details of which the UniCredit Group may not be entitled to know or disclose. In many of these cases, there is considerable uncertainty with regard to the possible outcome of the proceedings and the scale of any loss suffered. These cases include criminal proceedings, administrative proceedings brought by supervisory authorities or investigators and/or rulings for which the amount of any claims for compensation and/or potential liabilities that the Group is responsible for is not and cannot be determined according to the claim presented and/or the nature of the actual proceedings. In such cases, until it is impossible to reliably predict the outcome, no provisions are set aside. On the other hand, where it is possible to reliably estimate the scale of any losses suffered and where such loss is considered probable, provisions are set aside in the balance sheet in an amount considered suitable given the circumstances and in accordance with IAS.

As at 31 December 2016, the UniCredit Group had around €1,382 million of provisions for risks and charges to cover the liabilities that may arise from the pending cases in which it is a defendant (not including labour law, tax or debt recovery cases). As at 31 December 2016, the total amount claimed with reference to legal proceedings excluding labour law, tax cases and credit recovery actions was €11,529 million. That figure reflects the inconsistent nature of the pending disputes and the large number of different jurisdictions, as well as the circumstances in which the UniCredit Group is involved in counterclaims. As regards UniCredit's pending labour law dispute, the overall amount of the petitum on 31 December 2016 was equal to €476 million and the related risk provision, on the same date, was equal to €19 million.

The estimate of the above-mentioned obligations which could reasonably arise as well as the extent of the above-mentioned provision are based on the information available at the date the financial statements or the interim financial position are approved, but also, as a result of the many uncertainties arising from legal proceedings, involve a significant degree of assessment. More specifically, sometimes it is not possible to produce a reliable estimate, as in cases in which the proceedings have not yet begun or where there are legal or factual uncertainties that make any estimate unreliable. Therefore, it cannot be ruled out that in the future the provisions could be insufficient to fully cover the charges, expenses, fines and claims for compensation and payment of costs connected to pending cases and/or that the Group may, in the future, be obliged to deal with expenses from claims for compensation or refunds not covered by the provisions, with possible negative effects, including significant ones, on the operating results and capital and/or financial position of the Issuer and/or the Group. Any unfavourable outcomes for the UniCredit Group in the disputes in which it is involved - specifically those with a greater media impact - or the emergence of new disputes could have reputational impacts, including significant ones, on the UniCredit Group, with possible consequent negative effects on the assets and the operations, balance sheet and/or income statement of same as well as its ability to comply with capital requirements.

It is also necessary for the Group to comply in the most appropriate way with the various legal and regulatory requirements in relation to the different aspects of the activity such as the rules on the subject of conflict of interest, ethical questions, anti-money laundering, customers' assets, rules governing competition, privacy and security of information and other regulations. In spite of the fact that at the date of this Prospectus there have been no significant negative consequences from confirmed or alleged violations of these regulations, there is the risk that in future there could be violations that could have negative consequences, including significant ones, on the operating results and capital and/or financial position of the Issuer and/or the Group. Specifically, the actual or alleged failure to comply with these provisions could lead to further disputes and investigations, making the Group subject to claims for compensation, fines imposed by the supervisory authority, other sanctions and/or reputational damage. In view of the nature of the Group's activities and the reorganisation it has been involved in over a period of time, there is also the risk that requests or questions initially relating to only one of the companies could involve or have effects on other Group companies, with possible negative effects on the operating results and capital and financial position of the Issuer and/or the Group.

With regard to criminal proceedings, note that at the date of this Prospectus, the UniCredit Group and its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as UniCredit is aware, are the subject of investigations by the competent authorities aimed at checking any liability profiles of its representatives with regard to various cases linked to banking transactions, including, specifically, in Italy, investigations related to checking any liability profiles in relation to the offence pursuant to Article 644 (*usury*) of the Criminal Code. At the date of this Prospectus, these criminal proceedings have not had significant negative impacts on the operating results and capital and/or financial position of the Issuer and/or the Group; however there is the risk that if the Issuer and/or other UniCredit Group companies or their representatives (including ones no

longer in office) were to be convicted following the confirmed violation of provisions of criminal significance, this situation could have an impact on the reputation of the Issuer and/or UniCredit Group.

Risks connected with Supervisory Authority measures

During the course of its normal activities, the UniCredit Group is subject to structured regulations and supervision by various Supervisory Authorities, each according to their respective area of responsibility.

In exercising its supervisory powers, the ECB, Bank of Italy, CONSOB and other Supervisory Authorities subject the UniCredit Group to inspections on a regular basis, which could lead to the demand for measures of an organisational nature and to strengthen safeguards aimed at remedying any shortcomings that may be discovered, with possible adverse effects on the operating results, capital and/or financial position of the Group. The extent of any shortcomings could also cause the launch of disciplinary proceedings against company representatives and/or related Group companies, with possible adverse effects on the operating results, capital and/or financial position of the Group.

In particular it is noted that as at the date of this Prospectus the following investigations, conducted by the ECB, are concluded and final official reports not yet notified: (i) "IRRBB management and risk control system" launched in September 2016; (ii) "Governance structure and business organisation of the foreign branches of UCB AG" launched in September 2016; (iii) "Governance and RAF" (the "**Risk Appetite Framework**") launched in November 2016; and (iv) "Business Model and Profitability – Funding transfer price" launched in November 2016.

Moreover, in June 2016, the ECB launched an investigation into Market Risk models, which was concluded at the end of July 2016. In March 2017, UniCredit was notified of the findings of the inspection and on 14 April 2017 delivered the action plan to the ECB.

In November 2016, an inspection launched by CONSOB on 23 May 2016 was also concluded (pursuant to Article 115, paragraph 2 of Legislative Decree No. 58 of 24 February 1998 (Financial Services Act), with regard to UniCredit for the purpose of acquiring documentary evidence and information relating to (i) the exercising, with regard to Feidos 11 S.r.l., of the purchase option set out in the shareholders' agreement signed on 31 July 2013, (ii) the Centauro Transaction, the extraordinary transaction and the part played by UniCredit and the other parties involved in the above-mentioned transaction under the scope of the share capital increase approved by the Board of Directors of Prelios S.p.A. on 12 January 2016 and (iii) relations with regard to the Centauro Transaction with shareholders of the Prelios S.p.A. shareholders' agreement signed on 26 February 2016. At the date of this Prospectus, UniCredit has still not received any further documents or notices related to the same inspection.

In addition to the above, note that: (i) in January 2016, the ECB launched an inspection into the "Capital position calculation accuracy" of the Group also with regard to Group wide credit models, with the inspection at UniCredit concluding in May 2016; (ii) in February 2016, the ECB launched an inspection into the "*Management of distressed assets/bad loans*", as far as

Italy was concerned, with the inspection at UniCredit concluding in May 2016; and (iii) in April 2016, the Bank of Italy began looking into the "Remuneration methods of loans and overdrafts" at UniCredit, which was concluded at the end of May 2016.

With regard to these inspections, the above-mentioned supervisory authorities notified UniCredit of:

(i) the assessment outcomes related to "*Capital position calculation accuracy*". In December 2016, UniCredit presented to and discussed with the ECB possible measures – and deadlines – identified by the bank in order to remedy the problems identified during the inspection, in particular concerning the processes for calculation of capital and of RWA. In March 2017, UniCredit received the official notice of the findings from ECB, highlighting also that the impact of the findings was already incorporated into the 2016-2019 Strategic Plan. The consequential action plan has been sent to the ECB in April 2017;

(ii) the assessment outcomes related to the "*Management of distressed assets/bad loans*". The ECB highlighted possible areas for improvement with regard to the organisation, classification, monitoring, recovery, provision policy and management of guarantees, recommending UniCredit continue the activities undertaken to resolve the ECB's findings. The consequential action plan, discussed with the ECB, was sent to the ECB at the end of December 2016; and

(iii) the findings of the analysis of "*Remuneration Methods of loans and overdrafts*". UniCredit's reply and action plan were sent to Bank of Italy on 15 February 2017.

Lastly, with regard to the action plans currently in progress, relating to the findings of inspections prior to 2016 there have been no differences in relation to the planned implementation of the corrective measures. It is not possible, however, to rule out that in future there will be differences, both with regard to the action plans being implemented at the date of this Prospectus and in relation to the action plans that UniCredit will present involving the above-mentioned inspections. This eventuality could involve further intervention requests by the competent supervisory authorities and/or the launch of disciplinary proceedings against representatives of the company and/or Group companies, with possible negative effects on the operating results and capital and/or financial position of the Group.

In February 2017, the Bank of Italy launched two inspections related to "*Transparency*" of various branches in UniCredit's domestic network and "*Governance, Operational Risk, Capital and AML*" of UniCredit's subsidiary Cordusio Fiduciaria S.p.A. Both have been concluded in April 2017. The final results have not yet been notified.

In March 2017, the ECB announced an inspection related to "*Collateral, provisioning and securitisation*" of the Group. The inspection has been launched in April 2017.

In March 2017, the Bank of Italy announced an inspection related to "Procedures to determine and enhance due diligence in respect of PEPs" of all the Italian banking companies of the Group.

In May 2017, the ECB provided UniCredit with the results of the Thematic Review of the risk data aggregation capabilities and the risk reporting practices based on BCBS239 principles. The ECB found certain shortcomings, including inter alia governance and data reconciliation, at the UniCredit Group level and required UniCredit to provide by the end of September 2017 an action plan to address the ECB's findings.

In April 2016, the Italian Competition Authority ("**AGCM**") notified the extension to UniCredit (as well as ten other banks) of the I/794 ABI/SEDA proceedings launched in January 2016 with regard to the Italian Banking Association ("**ABI**"), aimed at ascertaining of the existence of alleged concerted practices with reference to the Sepa Compliant Electronic Database Alignment ("**SEDA**").

On 28 April 2017, the AGCM issued a final notice whereby it confirmed that the practices carried out by the ABI, UniCredit and the other banks in connection with the adoption of the SEDA service model of compensation constituted an anti-competitive practice and therefore a violation of European competition regulations. With such notice, the AGCM ordered the parties to cease the infringement, submit a report evidencing the relevant measures adopted by 1 January 2018 to the AGCM, and refrain from enacting similar practices in the future. Given the fact that the infringements were minor in light of the legislative framework, the AGCM did not impose any monetary or administrative sanctions also in consideration of the fact that, in the course of the proceeding, the ABI and the banks proposed a redefined SEDA service remuneration model which, if correctly implemented by the banks, is expected to decrease the current SEDA costs by half, which benefits the enterprises utilizing the service and, ultimately, the end-users of the utilities.

In connection with the proposed newSEDA service remuneration model, two possible further risk factors can be envisaged, namely: (a) the economic risk relating to possible lower earnings from the service given that the proposed new remuneration structure is expected to involve lower levels than the current ones; and (b) the economic risk relating to the costs of adjusting the IT procedures that will be necessary for the new service remuneration structure. In addition, in light of the AGCM final notice, there is also the risk of claims against UniCredit in civil court by parties seeking damages for anti-competitive behaviour.

In April 2017, the AGCM launched proceedings against UniCredit (and two more banks), at the same time requesting information, relating to alleged commercial practice concerning the compound interest (so called "*anatocismo*"). At the date of this Prospectus, the proceedings are still pending.

In April 2017, the AGCM extended to UniCredit (and to one other bank) the proceeding opened in January 2017, against IDB S.p.A. and IDB Intermediazioni S.r.l., requesting for information. The proceeding refers to an alleged unfair commercial practice relating to investments in diamonds , an alleged infringement of the consumers' right of withdrawal and the alleged use of ambiguous language in the standard purchase forms regarding the competent court in the event of a dispute. At the date of this Prospectus, the proceedings are still pending.

Risks arising from tax disputes

At the date of this Prospectus, there are various tax-related proceedings pending with regard to UniCredit and other companies belonging to the UniCredit Group, as well as tax inspections by the competent authorities in the various countries in which the Group operates.

Specifically, as at 31 December 2016, there were 727 tax disputes involving counterclaims pending with regard to UniCredit and other companies belonging to the UniCredit Group "Italian" perimeter, net of settled disputes, for a total amount equal to €485.2 million. As far as the tax inspections which were concluded during the course of the financial year ended at 31 December 2016 are concerned, note, among other things, that:

- UniCredit Business Integrated Solutions S.C.p.A. has been interested by an assessment for IRES and IRAP purposes relating to years 2011 and 2012, at end of which on 21 July 2016 a tax audit report was served. As at 31 December 2016, the total amount of the contested taxes is €10.2 million. As at 31 December 2016, an assessment notice relating to IRES and IRAP for the year 2011 was served, which confirmed the findings relating to 2011 (for a total of €5.2 million relating to higher taxes and interests for €0.9 million) and penalties were imposed amounting to €4.1 million. At the date of this Prospectus, the deadline for tax assessment notifications relating to the 2012 financial year has not yet expired. The company has decided to apply for a tax settlement proposal (so called "accertamento con adesione") with respect to the 2011 tax assessment;
- UniCredit Leasing S.p.A. has been interested by a tax assessment for IRES, IRAP and VAT purposes relating to years 2011 and 2012 ended on 29 September 2016 with the notification of a tax audit report. As at 31 December 2016, an assessment notice exclusively relating to 2011 for IRAP and VAT purposes was served. The amounts established are equal to €21.2 million of which €7.3 million was for VAT and IRAP taxes, €12.5 million for penalties and €1.4million for interests. At the date of this Prospectus, the deadline for tax assessment notifications relating to the 2012 financial year has not yet expired. The company has filed an appeal with respect to the 2011 tax assessment; and
- On 10 October 2016, UCB AG - a permanent establishment in Italy, was served with a tax audit report which contests €0.2 million of withholdings on capital income which were allegedly omitted. Subsequently the Tax Authorities have cancelled such assessment.

The Italian revenue agency has implemented monitoring activities for IRES, IRAP and VAT purposes, pursuant to Legislative Decree No. 185 of 29 November 2008 (monitoring system), on UniCredit and other Group companies which form part of the "Italian" perimeter, which were completed during 2014, 2015 and 2016. No claim or dispute has been declared in respect of these activities. The monitoring system is addressed to large tax payers and is based on specific risk analysis that allows to diversify the level of control; said activities mainly consist of requests of data and information related to the annual tax return submitted in the previous year.

In consideration of the uncertainty that defines the tax proceedings in which the Group is involved, there is the risk that anon favourable outcome and/or the emergence of new proceedings, could lead to an increase in risks of a tax nature for UniCredit and/or for the Group, with the consequent need to make further provisions and/or outlays, with possible negative effects on the operating results and capital and financial position of UniCredit and/or the Group.

Finally, it should be pointed out that in the event of a failure to comply with or a presumed breach of the tax law in force in the various countries, the UniCredit Group could see its tax-related risks increase, potentially resulting in an increase in tax disputes and possible reputational damage.

Risks related to international sanctions with regard to sanctioned countries and to investigations and/or proceedings by the U.S. authorities

UniCredit and, in general, the UniCredit Group, have clients and partners located around the world. For this reason, UniCredit and the Group are required to comply with sanctions regimes in the jurisdictions where they operate. In particular, UniCredit and the Group must comply with economic sanctions imposed, pursuant to the above-mentioned sanctions regimes, by the United States of America, the European Union and the United Nations on certain countries (the "**Sanctioned Countries**"), in each case to the extent applicable, and these regimes are subject to change, which cannot be predicted.

Such sanctions may limit the ability of UniCredit and the UniCredit Group to continue to transact with clients or to maintain commercial relations with sanctioned counterparties and/or counterparties that are located in sanctioned countries. As of the date of this Prospectus, UniCredit and the UniCredit Group have limited commercial relationships with certain counterparties located in sanctioned countries, but these are carried out in compliance with applicable laws and regulations.

Also note that, at the date of this Prospectus, UniCredit and the UniCredit Group are subject to certain investigations in the United States of America. Certain companies in the UniCredit Group are cooperating with various U.S. authorities, including the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), the U.S. Department of Justice ("**DOJ**"), the District Attorney for New York County ("**NYDA**"), the FED and the New York Department of Financial Services ("**DFS**"), regarding potential violations of U.S. sanctions involving U.S. dollar payments and related practices. More specifically, in March 2011, UCB AG received a subpoena from the NYDA relating to historical transactions involving certain Iranian entities designated by OFAC and their affiliates. In June 2012, the DOJ opened an investigation of OFAC-related compliance by UCB AG and its subsidiaries more generally.

In this context, UCB AG commenced a voluntary internal investigation of its U.S. dollar payments practices and its historical compliance with applicable U.S. financial sanctions, in the course of which certain historical non-transparent practices have been identified. In addition, UCB Austria has independently initiated a voluntary investigation of its historical compliance with applicable U.S. financial sanctions and has similarly identified certain historical non-transparent practices. UniCredit is also in the process of conducting a voluntary

review of its historical compliance with applicable U.S. financial sanctions. The scope, duration and outcome of any such review or investigation will depend on facts and circumstances specific to each individual case. Each of these entities is cooperating with the relevant U.S. authorities and remediation activities have commenced and are ongoing as at the date of this Prospectus. Each UniCredit Group entity subject to investigations is updating its regulators as appropriate.

It is also possible that investigations into historical compliance practices may be extended to other UniCredit Group companies or that new proceedings may be commenced against the Issuer and/or the Group.

Note, also, that these investigations and/or proceedings into certain Group companies could result in the Issuer and/or the Group being required to pay material fines and/or being the subject of criminal or civil penalties.

Lastly, note that the Issuer and the Group companies have not yet entered into any agreement with the various U.S. authorities and therefore it is not possible to determine the form, extent or the timing of any resolution with any relevant authorities, including what final costs, remediation, payments or other legal liability may occur in connection therewith.

While the timing of any agreement with the various U.S. authorities is not determinable at the date of this Prospectus, it is possible that the investigations into one or all of the Group entities could be completed in 2017.

Recent violations of U.S. sanctions and certain U.S. dollar payment practices by other European financial institutions have resulted in those institutions entering into settlements and paying material fines and penalties to various U.S. authorities. At the date of this Prospectus, the Issuer and the Group companies have no reliable basis on which to compare the ongoing investigations relating to us to any settlements involving other European institutions; however, it is not possible to exclude the possibility that any such settlement between the Issuer and/or the Group companies and the competent U.S. authorities will not be material.

The investigation costs, remediation required and/or payment or other legal liability incurred in connection with above-mentioned proceedings could lead to liquidity outflows and could potentially negatively affect UniCredit's net assets and net results and those of one or more of UniCredit's subsidiaries. Such an adverse outcome to one or more of the Group entities subject to investigation could have a material adverse effect on both UniCredit's reputation and on the Group's business, results of operations or financial condition, as well as on its capacity to comply with capital requirements.

Risks connected with the organisational and management model pursuant to Legislative Decree 231/2001 and the accounting administrative model pursuant to Law 262/2005

On 13 October 2016 and on 16 May 2017, UniCredit was notified of the conclusion of the preliminary investigations by the Public Prosecutor at the Court of Tempio Pausania of two notices pursuant to Article 415-bis of the Code of Civil Procedure as the party responsible for the administrative offence under Article 24-ter of Legislative Decree 231/2001 as a result of offences contested by the former representatives of the Banca del Mezzogiorno –

MedioCredito Centrale S.p.A. ("**MCC**"), later renamed "Capitalia Merchant S.p.A.", then "UniCredit Merchant S.p.A." and at the date of this Prospectus merged by incorporation into UniCredit, as well as Sofipa SGR S.p.A. and Capitalia S.p.A. (at the date of this Prospectus merged by incorporation into UniCredit). This concerns a complex case involving UniCredit as the successor of MCC, relating to shareholdings owned by the above-mentioned MCC in the group for which Colony Sardegna S.à r.l. is the parent company. The directors of this company are charged with decisions concerning financial transactions which resulted in capital gains on behalf of third-party companies and to the detriment of the company managed, as well as failures to declare IRES income; the charges involving UniCredit refer to the years 2003/2011 (in May 2011 UniCredit Merchant S.p.A. actually sold its shareholding).

In May 2004 UniCredit adopted the organisational and management model set out in Legislative Decree 231/2001 in order to create a system of rules designed to prevent unlawful behaviour by top management, directors and employees. On 10 November 2016, the UniCredit's Board of Directors approved the new version of the organisational and management model in force at the date of this Prospectus. The model of Legislative Decree 231/2001 applies also to Italian companies controlled directly or indirectly by UniCredit, as well as the stable organisations operating in Italy by foreign companies controlled directly or indirectly by UniCredit.

However, it is possible that the model adopted by UniCredit could be considered inadequate by the judiciary authority that may be called upon to verify the cases under these regulations.

In this event, and if UniCredit is not exonerated from responsibility based on the provisions in said decree, UniCredit may be responsible for a financial penalty as well as, in more serious cases, the possible application of a ban, such as a prohibition on carrying out activities, the suspension or revocation of authorisations, licences or concessions, a ban on entering into contracts with the public administration, as well as, lastly, a ban on publicising goods and services, with negative effects – including of a reputational nature - on the operating results and capital and financial position of the Issuer and/or the Group.

Without prejudice to the foregoing and taking into account the preliminary stage of the proceedings, at the date of this Prospectus, UniCredit and/or its subsidiaries belonging to the UniCredit Group are not involved in legal proceedings and have not been the subject of significant provisions pursuant to Legislative Decree 231/2001. The method adopted by UniCredit Group in order to comply with Law No. 262/05, so called "Legge sulla tutela del risparmio", is consistent with the "Internal Control - Integrated Framework (CoSO)" and wih the "Control Objective for IT and Related Technologies (Cobit)", which represent the benchmark standards for the evaluation of the internal control system and for financial reporting in particular, generally accepted at international level.

This internal control system is constantly updated. It is therefore not possible to rule out that in the future there may be the need to make controls and certification for other processes which are currently not mapped.

Risks connected with Alternative Performance Indicators (APIs)

In order to facilitate the understanding of the Group's economic and financial performance, UniCredit has identified several Alternative Performance Indicators ("**APIs**"). These indicators are also the instruments that help UniCredit to identify operating trends and take decisions surrounding investments, the allocation of resources and other operating decisions.

With regard to the interpretation of these APIs, note the explanations given below:

(i) these indicators are constructed exclusively from UniCredit Group's historical data and are not indicative of the Group's future performance;

(ii) the APIs are not provided for in the IFRS and, although derived from the consolidated financial statements, they are not subject to auditing;

(iii) APIs should not be seen as replacing the indicators laid down by IFRS;

(iv) APIs should be read together with the Group's financial information taken from the consolidated financial statements for the financial year ended 31 December 2016;

(v) as the definitions of the indicators used by the UniCredit Group do not come from IFRS, they may not be standardised with those adopted by other companies/groups and therefore are not comparable with them; and

(vi) the APIs used by the Group are continuously processed with standardised definitions and representations for all periods.

Risks connected with operations in the banking and financial sector

UniCredit and the companies belonging to the UniCredit Group are subject to the risks arising from competition in their respective sectors of activity, both in Italy and abroad (particularly in the German, Austrian, Polish and CEE markets). The UniCredit Group in particular operates in the main credit and financial brokerage sectors.

The international market for banking and financial services is an extremely competitive market and, in spite of geographical diversification, Italy is the main market in which the UniCredit Group operates.

With regard to this, note how the banking sector in Italy, as well as in Europe, is going through a consolidation phase featuring a high degree of competition due to the following factors: (i) the introduction of EU directives aimed at liberalising the European Union banking sector; (ii) the deregulation of the banking sector and the connected development of "shadow banking" throughout the European Union, and specifically in Italy, which has encouraged competition in the traditional banking sector with the effect of progressively reducing the spread between lending and borrowing rates; (iii) the behaviour of competitors (also following the changes introduced by Law 33 of 24 March 2015, which converted Decree Law 3 of 24 January 2015 regarding "people's banks" and the aggregative processes which followed or which could follow); (iv) consumer demand; (v) the trend of the Italian banking industry focused on revenues from fees, which leads to increased competition in the field of asset management and investment banking services; (vi) the change in several Italian tax and banking laws; (vii) the advance of services with a strong element of technological innovation, such as internet banking and mobile banking and (viii) the influx of new competitors, and other factors not

necessarily under the Group's control. Furthermore, a deterioration of macroeconomic conditions could result in greater competitive pressure due to factors such as increased pressure on prices and lower business volumes.

In addition, this competitive pressure could increase as a result of various factors not necessarily under the control of the Group, including aggregation processes both in Italy (particularly following and/or in the context of the transformation of "people's banks" into joint stock companies), and in Europe, which could involve large groups, comparable to the UniCredit Group, applying increasingly comprehensive economies of scale.

If the Group were unable to meet this growing competitive pressure by, for example, offering innovative and rewarding products and services that can meet customers' needs, it could lose market share in various sectors, with consequent significant negative effects on the operating results and capital and financial position of the Issuer and/or the Group.

The banking and financial sector is influenced by the uncertainties surrounding the stability and overall situation of the financial markets. In spite of the various measures adopted at European level, international financial markets continue to record high levels of volatility and a general reduction in the depth of the market. Therefore a further worsening of the economic situation or a return to tensions over the European sovereign debt could have a significant impact on both the recoverability and measurement of debt securities held and the liquidity of the Group's customers which are holders of these instruments, resulting in major negative effects on the operating results and capital and financial position of the Issuer and/or the Group.

In addition, should the current situation with low interest rates in the Eurozone persist, this could have a negative impact on the profitability of the banking sector and, as a result, the UniCredit Group.

Risks connected with ordinary and extraordinary contributions to funds established under the scope of the banking crisis rules

Following the crisis that affected many financial institutions from 2008, various risk-reducing measures have been introduced, both at European level and at individual Member State level. Their implementation involves significant outlays by individual financial institutions in support of the banking system.

Deposit Guarantee Scheme and Single Resolution Fund

As a result of: (i) Directive 2014/49/EU (Deposit Guarantee Schemes Directive (the "**DGSD**") of 16 April 2014; (ii) the BRRD; and (iii) the SRM Regulation establishing the predecessor of the current Single Resolution Fund (the "**Single Resolution Fund**" or "**SRF**", which as of 1 January 2016, includes national compartments to which contributions raised at the national level by each participating Member State through its National Resolution Fund ("**National Resolution Fund**" or "**NRF**") are allocated, UniCredit is obligated to provide the financial resources necessary for funding the deposit guarantee scheme and the SRF. These contribution obligations could have a significant impact on UniCredit's financial and capital position.

UniCredit cannot currently predict the multi-year costs of the extraordinary contribution components which may be necessary for the management of any future banking crises.

In particular, with respect to the deposit guarantee scheme, UniCredit has the following obligations for ordinary and extraordinary contributions:

- annual ordinary ex ante contribution to the DGS, from 2015 to 2024, aimed at the establishment of funds equal to 0.8% of the covered deposits at the target date. The contribution resumes when the funding capacity is below the target level, at least until the target level is reached. If, after the target level is reached for the first time, the financial means available have been reduced to less than two-thirds of the target level, the regular contribution is set at a level that allows the target level to be reached within six years; and
- (ex post) payment commitment, in relation to any extraordinary contributions required if the financial means available are insufficient to repay the depositors; these extraordinary contributions cannot exceed 0.5% of the covered deposits for any calendar year, but in exceptional cases and with the consent of the competent authority, the DGS can also demand higher contributions.

Following implementation in Italy of the BRRD, the Italian Bank Deposit Guarantee Fund (the FITD), has adapted its by-laws, through the shareholders' resolution of 26 November 2015 anticipating the introduction of an ex ante contribution mechanism (aimed at achieving the multi-year objective mentioned above with a target of 2024). For 2016, UniCredit contributed approximately €193 million as of 31 December 2016 to national DGS schemes. As of 31 March 2017, UniCredit contributed €75 million.

UniCredit's contribution obligations to the SRF are as follows:

- annual ordinary ex ante contribution until 2023, aimed at the establishment of funds equal to 1 per cent. of the covered deposits by the end of 2023. The accumulation period can be extended by another four years if the financing mechanisms have made cumulative disbursements of more than 0.5 per cent. of the covered deposits. If, after the accumulation period, the financial means available go below the target level, the collection of contributions resumes until this level is restored. In addition, after reaching the target level for the first time and, if the financial means available fall below two-thirds of the target level, these contributions are set at the level that allows the target level to be reached within a period of six years. The contribution mechanism involves ordinary annual contributions aimed at distributing the costs for contributing banks evenly over a period of time. A transition stage of contributions to national compartments of the SRF is planned as well as their gradual mutualisation. For 2016, UniCredit's ordinary contribution as of 31 December 2016 was approximately €253 million. As at 31 March 2017, Unicredit contributed €295 million. The annual value of the contribution is subject to review on the basis of the performance of the risk parameters and volumes of covered deposits; and

- (ex post) payment commitments, in relation to any additional extraordinary contributions requested, equal to a maximum of three times the planned annual contributions, where the financial means available are insufficient to cover the losses and the costs relating to the SRF's interventions.

For 2015, UniCredit's ordinary contribution was €73 million. UniCredit was also required to make an extraordinary contribution of €219 million to the NRF as a result of a resolution programme approved by the Bank of Italy in its capacity of National Resolution Authority, for Banca delle Marche, Banca Popolare dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara and Cassa di Risparmio della Provincia di Chieti.

In addition to the ordinary and extraordinary contributions that UniCredit is required to make, UniCredit has, in the past provided, and may continue to provide, the liquidity necessary to operate such restructuring programmes. For example, UniCredit provided a loan (no longer outstanding) of approximately €783 million to the SRF (representing UniCredit's share of a €2.35 billion loan provided with other banks), as well as a second tranche of funding (due in 2017) whose value as of 31 December 2016 stood at €516 million (i.e., the share pertaining to a total loan of €1,550 million provided together with other banks). UniCredit also made a commitment to provide funds of €33 million to the NRF (the share pertaining to a total commitment of €100 million for a possible further tranche of the loan to be provided together with other banks).

With regard to the loan for the resolution of the four banks mentioned above, Legislative Decree 183/2015 introduced an additional guarantee for 2016, due to the NRF, for the payment of any contributions equal to the maximum of two further portions (in relation to the three statutory required extraordinary portions) of the ordinary contribution for the Single Resolution Fund, actionable if the funds available to the NRF net of recoveries from divestment transactions set up by the actual fund for the assets of the four banks mentioned above were insufficient to cover the obligations, losses and costs for which the Fund is responsible for with regard to the measures under the provisions launching the resolution.

Moreover, Article 1, paragraph 848 of Law No. 208/2015 (the 2016 Stability Law) provided for additional contributions that Italian banks shall pay to the NRF in case ordinary and extraordinary contributions already paid in are not sufficient to cover obligations, losses, costs and other expenses relating to the measures set forth in the previous resolutions. Such contributions are determined by the Bank of Italy and must comply within the limits established in articles 70 and 71 of the Regulation (EU) No. 806/2014. As regards the year 2016, the overall limit has been increased by twice the amount of the ordinary contribution determined according to Article 70 of the Regulation (EU) No. 806/2014 and the relevant implementing Regulation (EU) No. 2015/81 of 19 December 2014. The scope of the obligations, losses, costs and other expenses mentioned in the 2016 Stability Law has been then specified with Law Decree No. 237/2016 – converted into Law No. 15/2017 – where, at Article 25, it is stated that the Bank of Italy may determine the amount of the additional contribution to be paid in the NRF no later than two years following the year to which such additional contribution refers and may also determine that such additional contribution is due within a pre-defined time frame which, however, cannot exceed five years.

By notice dated 28 December 2016 - the Bank of Italy requested an extraordinary contribution to the NRF in conformity with Article 1(848) of 2016 Stability Law for €214 million, booked into 2016 Profit & Loss and paid in March 2017.

The NRF and/or the SRF could ask for further contributions in the future in an amount that cannot currently be quantified, with potentially materially adverse effects on UniCredit's business, results of operation and financial condition.

Voluntary Scheme

UniCredit and its subsidiary FinecoBank have joined the voluntary scheme (the "**Voluntary Scheme**"), introduced by the Fondo Interbancario di Tutela dei Depositi ("**FITD**") in November 2015 for an initial €300 million (total value of the scheme) through a change to its by-laws. The Voluntary Scheme constitutes an instrument for solving banking crises through arrangements supporting the banks belonging to the scheme, through recourse to the specific conditions set out by the regulations. The Voluntary Scheme has an independent financial endowment and the member banks are obligated to provide the resources when requested to implement the interventions. The Voluntary Scheme, in the capacity of a private entity, intervened in April 2016 through an arrangement involving a total of €272 million (UniCredit's share was €49 million) for the restructuring of the support arrangement which the FITD made in July 2014 for Banca Tercas. Specifically, the European Commission concluded that this support, granted at the time by the FITD under the Italian compulsory deposit guarantee system, constituted incompatible state aid; therefore Banca Tercas has repaid the contribution received at the time to the FITD. These sums were credited to the banks belonging to the FITD by way of restitution for the intervention that took place in 2014 and debited immediately afterwards from the banks belonging to the Voluntary Scheme, on their own initiative. Later on, the provision of the Voluntary Scheme was increased up to €700 million (UniCredit's total share was approximately €125 million). In this area, in June 2016, the Voluntary Scheme approved an arrangement in favour of Cassa di Risparmio di Cesena, relating to that bank's capital increase approved on 8 June 2016 for €280 million (commitment relating to the Group amounted to €51 million). As of 31 December 2016, this commitment was translated into a monetary disbursement that involved the recognition of capital instruments classified as "available for sale" of €51 million, with a consequent reduction of the remaining commitment to €74 million. The update of evaluation of the instruments as of 31 December 2016, according to an internal evaluation model based on multiples of banking baskets, integrated with estimates on Cassa di Risparmio di Cesena's credit portfolio and related equity/capital needs, has resulted in the full impairment of the position.

All of these contribution obligations contribute to reducing profitability and have a negative impact on UniCredit's capital resources. Both the amount of ordinary contributions required from Group banks, as well as any extraordinary contributions, may increase significantly in the future. This would require UniCredit to record further extraordinary expenses which may have a material impact on UniCredit's capital and financial condition.

The ordinary contribution obligations indicated in the previous paragraphs contribute to reducing profitability and have a negative impact on the Group's capital resources. It is not

possible to rule out that the level of ordinary contributions required from the Group banks will increase in the future in relation to the development of the amount related to protected deposits and/or the risk relating to Group banks compared with the total number of banks committed to paying said contributions. In addition, it is not possible to rule out that, even in future, as a result of events that cannot be controlled or predetermined, the FITD, the NRF and/or the SRF do not find themselves in a situation of having to ask for more, new extraordinary contributions. This would involve the need to record further extraordinary expenses with impacts, including significant ones, on the capital and financial position of UniCredit and/or the Group.

Risks connected with the entry into force of new accounting principles and changes to applicable accounting principles

The UniCredit Group is exposed, like other parties operating in the banking sector, to the effects of the entry into force and subsequent application of new accounting principles or standards and regulations and/or changes to them (including those resulting from IFRS as endorsed and adopted into European law). Specifically, in future the UniCredit Group may need to revise the accounting and regulatory treatment of some existing assets and liabilities and transactions (and related income and expense), with possible negative effects, including significant ones, on the estimates in financial plans for future years and this could lead the Group to having to restate financial data published previously.

In this regard, an important change is expected in 2018 from when IFRS 9 "*Financial Instruments*" comes into force. On 24 July 2014, the International Accounting Standard Board ("**IASB**") issued the final version of the new IFRS 9 which replaces the previous versions published in 2009 and 2010 for the classification and measurement stage, and in 2013 for the hedge accounting stage and completes the IASB project to replace IAS 39 "*Financial Instruments: Recognition and Measurement*".

The new IFRS 9:

- introduces significant changes to the rules for the classification and measurement of financial assets which will be based on the management method (business model) and on the characteristics of the cash flows of the financial instrument (SPPI criterion - Solely Payments of Principal and Interests) which could involve different classification and measurement methods for financial instruments compared with IAS 39;
- introduces a new impairment accounting model based on an expected loss rather than an incurred losses approach as in IAS 39 and on the concept of a lifetime expected loss which could lead to a structural anticipation and increase of the value adjustments, particularly those on receivables; and
- involves the hedge accounting, rewriting the rules for the designation of a hedge account and for checking its effectiveness with the aim of guaranteeing a better alignment between the accounting representation of the hedging and the underlying management logics. Note, however, that the principle includes the possibility for the entity to make use of the right to continue to apply the provisions of IAS 39 on hedge

accounting until the IASB completes the project of defining the rules relating to macrohedging.

In addition, the new IFRS 9 also changes "*own credit*", in other words the changes in the fair value of liabilities designated under the fair value option due to fluctuations in credit worthiness. The new principle makes provision for these changes to be recognised in a shareholders' equity reserve, rather than in the income statement, as is the case under IAS 39, thereby eliminating a source of volatility in the financial results.

The compulsory effective date of IFRS 9 will be 1 January 2018, following the entry into force on 19 December 2016 of Regulation (EU) No 2016/2067 of the Commission of 22 November 2016. As a result of the entry into force of IFRS 9, there is also expected to be a review of the prudential rules for calculating capital absorption due to expected losses on credits. The terms of this review are still not known at the date of this Prospectus. It is also expected that at the first application date the main impacts on the UniCredit Group could come from the application of the new impairment accounting model based on an expected losses approach, which would cause an increase in the write-downs made to unimpaired assets (specifically receivables from customers), as well as the application of the new rules for the transfer of positions between the different classification stages under the new standard. Specifically, it is expected that greater volatility may be generated in the financial results between the different accounting periods, due to the dynamic change between the different stages of financial assets recorded in the financial statements (particularly between Stage 1 which will mainly include the new positions supplied and all the fully performing positions and Stage 2 which will include the positions in financial instruments which have suffered a deterioration in credit quality compared with the time of initial recognition). The changes in the book value of financial instruments due to the transition to IFRS 9 will be offset against shareholders' equity at 1 January 2018.

On 10 November 2016, the EBA published a report that summarises the main results of the analysis of the impact on a sample of 50 European banks (including UniCredit). As far as the quality component of the questionnaire is concerned, the authority highlighted how the sample of banks involved an operational complexity, specifically with regard to the aspects related to the quality of data, and technology in the introduction of the new principle. The report also pointed out how the change to the impairment model would lead, in the sample of banks examined, to average growth of the IAS 39 provisions (of approximately 18 per cent.) as well as having an impact on common equity tier 1 and on the total capital of 59 and 45 percentage points, respectively. In the light of the above report, the UniCredit Group has estimated a negative impact, when IFRS 9 is first applied, of approximately 34 basis points on the CET 1 ratio and this impact has been included in the estimates of the development of regulatory capital ratios within the 2016-2019 Strategic Plan.

On 26 November 2016, the EBA launched a second impact assessment exercise, on the same sample of banks, in order to gather more detailed and updated insights regarding the implementation of the new Standard. UniCredit Group performed this exercise using as reference date 30 September 2016. The outcome of the analysis substantially confirms the impacts estimated for the first impact assessment.

For the sake of completeness, also note that the IASB issued, respectively on 28 May 2014 and 13 January 2016, the final versions of IFRS 15 "*Revenues from contracts with customers*" and IFRS 16 "*Leases*".

The new IFRS 15 will apply from 1 January 2018, with the possibility of opting for early application, subject to the completion of the endorsement process by the European Union, in progress at the date of this Prospectus. This principle changes the current set of IFRS replacing the principles and interpretations of "revenue recognition" in force at the date of this Prospectus and, specifically, IAS 18. IFRS 15 includes:

- two approaches for measuring revenues ("*at point in time*" or "*over time*");
- a new transactions analysis model ("*Five steps model*") focused on the transfer of control; and
- greater information to be included in the notes to the financial statements.

The new IFRS 16, on the other hand, will apply from 1 January 2019 once it has been endorsed by the European Union. IFRS 16 changes the current set of international accounting principles and interpretations in force on leasing, and, specifically IAS 17. IFRS 16 introduces a new definition of leasing and confirms the current distinction between the two types of leasing (operating and financial) with regard to the accounting model that the lessor must apply. With reference to the accounting model to be applied by the tenant, the new model requires that, for all types of leasing, there must be an activity, which represents the right of use of the asset leased and, at the same time, the debt relating to the rental set out in the lease agreement.

At the time the asset is initially recorded, it is valued on the basis of the financial flows associated with the lease agreement, including, as well as the current value of the lease payments, the direct initial costs associated with the leasing and any costs necessary to restore the asset at the end of the agreement. Following the initial recording of this asset, it will be valued based on the projection for the tangible fixed assets and, therefore, at cost net of amortisation and depreciation and any reductions in value, at the "recalculated value" or at the fair value according to the provisions of IAS 16 or IAS 40.

From the time the above principle comes into force there are plans from 1 January 2019 for the quantitative effects resulting from its adoption, not currently available, to form part of the Group's future estimates. It is, however, expected that the application of IFRS 16 could result in a revision, for the Issuer and/or other Group companies, of the accounting methods for revenues and costs relating to existing transactions as well as the recording of new assets and liabilities associated with operating lease agreements signed. These effects will create the consequent need to consistently and retrospectively revise the previous periods and therefore quite significantly alter the opening capital balances at the respective dates.

Based on regulatory and/or technological developments and/or the business context, it is also possible that the Group could, in the future, further revise the operating methods for applying the IFRS, with possible negative impacts, including significant ones, on the operating results and capital and financial position of the Issuer and/or the Group.

Risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit)

On 23 June 2016, the United Kingdom voted, in a referendum, to leave the European Union (Brexit). On 29 March 2017, the British Prime Minister gave formal notice to the European Council under Article 50 of the Treaty on European Union of the intention to withdraw from the European Union, thus triggering the two-year period for withdrawal.

The process of negotiation will determine the future terms of the UK's relationship with the EU. Depending on the terms of the Brexit negotiations, the UK could also lose access to the single EU market and to the global trade agreements negotiated by the EU on behalf of its members. Given the unprecedented nature of a departure from the EU, the timing, terms and process for the United Kingdom's exit, are unknown and cannot be predicted.

Regardless of the time scale and the term of the United Kingdom's exit from the European Union, the result of the referendum in June 2016 created significant uncertainties with regard to the political and economic outlook of the United Kingdom and the European Union.

The exit of the United Kingdom from the European Union; the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom; the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union; and the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include further falls in equity markets, a further fall in the value of the pound and, more in general, increase financial markets volatility, with possible negative consequences on the asset prices, operating results and capital and/or financial position of the Issuer and/or the Group.

In addition to the above and in consideration of the fact that at the date of this Prospectus there is no legal procedure or practice aimed at facilitating the exit of a Member State from the Euro, the consequences of these decisions are exacerbated by the uncertainty regarding the methods through which a Member State could manage its current assets and liabilities denominated in Euros and the exchange rate between the newly adopted currency and the Euro. A collapse of the Eurozone could be accompanied by the deterioration of the economic and financial situation of the European Union and could have a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses and involving considerable changes to financial activities both at market and retail level. This situation could therefore have a significant negative impact on the operating results and capital and financial position of the Issuer and/or the Group.

Basel III and CRD IV

In the wake of the global financial crisis that began in 2008, the Basel Committee on Banking Supervision (the "**BCBS**") approved, in the fourth quarter of 2010, revised global regulatory standards ("**Basel III**") on bank capital adequacy and liquidity, which impose requirements for, *inter alia*, higher and better-quality capital, better risk coverage, measures to promote the

build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019.

In January 2013, the BCBS revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the Liquidity Coverage Ratio with a full implementation in 2019 as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities. Regarding the other liquidity requirement, the net stable funding ratio, the BCBS published the final rules in October 2014 which will take effect from 1 January 2018.

The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**CRD IV Directive**") and the CRD IV Regulation (together with the CRD IV Directive, the "**CRD IV Package**"). Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for phase-in until 2024) but it is possible that in practice implementation under national laws could be delayed. Additionally, it is possible that Member States may introduce certain provisions at an earlier date than that set out in the CRD IV Package. National options and discretions that were so far exercised by national competent authorities will be exercised by the SSM (as defined below) in a largely harmonised manner throughout the Banking Union. In this respect, on 14 March 2016 the ECB adopted Regulation (EU) No. 2016/445 on the exercise of options and discretions. Depending on the manner in which these options / discretions were so far exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional / lower capital requirements may result.

In Italy, the Government approved a Legislative Decree on 12 May 2015 ("**Decree 72/2015**") implementing the CRD IV Directive. Decree 72/2015 entered into force on 27 June 2015. Decree 72/2015 impacts, *inter alia*, on:

- proposed acquirers of holdings in credit institutions, requirements for shareholders and members of the management body (Articles 23 and 91 of the CRD IV Directive);
- competent authorities' powers to intervene in cases of crisis management (Articles 64, 65, 102 and 104 of the CRD IV Directive);
- reporting of potential or actual breaches of national provisions (so called whistleblowing, Article 71 of the CRD IV Directive); and
- administrative penalties and measures (Article 65 of the CRD IV Directive).

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 as subsequently amended from time to time by the Bank of Italy (the "**Circular No. 285**")) which came into force on 1 January 2014,

implementing the CRD IV Package, and setting out additional local prudential rules. According to Article 92 of the CRD IV Regulation, institutions shall at all times satisfy the following own funds requirements: (i) a CET1 Capital ratio of 4.5 per cent.; (ii) a Tier 1 Capital ratio of 6 per cent.; and (iii) a Total Capital ratio of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital, reported below as applicable with reference to 31 March 2017:

- *Capital conservation buffer*: The capital conservation buffer has applied to UniCredit since 1 January 2014 pursuant to Article 129 of the CRD IV Directive and Part I, Title II, Chapter I, Section II of Circular No. 285. According to the 18th update[2] to Circular No. 285 published on 4 October 2016, new transitional rules provide for a capital conservation buffer set for 2017 at 1.25 per cent. of RWAs, increasing to 1.875 per cent. of RWAs in 2018 and 2.5 per cent. of RWAs from 2019;

- *Counter-cyclical capital buffer*: The countercyclical capital buffer applies starting from 1 January 2016. Pursuant to Article 160 of the CRD IV Directive and the transitional regime granted by Bank of Italy for 2017, institutions' specific countercyclical capital buffer shall consist of Common Equity Tier 1 capital capped to 1.25 per cent. of the total of the risk-weighted exposure amounts of the institution. As of 31 March 2017:

  - the specific countercyclical capital rate of UniCredit Group amounted to 0.02 per cent.;

  - countercyclical capital rates have generally been set at 0 per cent., except for the following countries: Czech Republic (0.50 per cent.); Hong Kong (1.25 per cent.); Iceland (1.00 per cent.); Norway (1.50 per cent.); and Sweden (2.00 per cent.);

  - with reference to the exposures towards Italian counterparties, the Bank of Italy has set the rate equal to 0%;

- *Capital buffers for globally systemically important institutions* ("**G-SIIs**"): It represents an additional loss absorbency buffer (ranging from 1.0 per cent. to 3.5 per cent. in terms of required level of additional common equity loss absorbency as a percentage of risk-weighted assets), determined according to specific indicators (e.g. size, interconnectedness, complexity). It is subject to phase-in starting from 1 January 2016 (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV of Circular No. 285) becoming fully effective on 1 January 2019. Based on the most recently updated list of G-SIIs published by the Financial Stability Board ("**FSB**") in November 2016 (to be updated annually), the UniCredit Group is a global systemically important bank ("**G-SIB**") included in "Bucket 1" (in a ranking from 1, where 5 is the highest); therefore, it has to comply with a target requirement of 1 per cent. in 2019 (0.50 per cent. for 2017, to be increased by 0.25 per cent. per annum); and

[2] On 6 October 2016, the Bank of Italy published the 18th update of Circular No. 285 that modifies the capital conservation buffer requirement. In publishing this update, the Bank of Italy reviewed the decision, made at the time the CRD IV was transposed into Italian law in January 2014, where the fully loaded Capital Conservation Buffer at 2.50% was requested, by aligning national regulation the transitional regime allowed by CRD IV.

- *Capital buffers for other systemically important institutions* ("**O-SIIs**"): O-SII buffer, equal to 0 per cent. For the UniCredit Group for 2017; identified by the Bank of Italy as an O-SII authorised to operate in Italy, UniCredit has to maintain a capital buffer of 1 per cent. of its total risk exposure, to be achieved according to the following transitional period: 0.25 per cent. for 2018, and then increased by 0.25 per cent. on a yearly basis reaching the target of 1 per cent. From 1 January 2021. According to Article 131.14 of the CRD IV Directive, the higher of the G-SII and the O-SII buffer will apply: hence, the UniCredit Group will be subject to the application of 0.50 per cent. G-SII buffer for 2017.

In addition to the above listed capital buffers, under Article 133 of the CRD IV Directive each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long term non-cyclical systemic or macroprudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. Currently, no provision is included on the systemic risk buffer under Article 133 of the CRD IV Directive as the Italian level 1 rules for the CRD IV Directive implementation on this point have not yet been enacted.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV Directive).

In addition, UniCredit is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package, which will be impacted, on an on-going basis, by the SREP. The SREP is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system. See "*ECB Single Supervisory Mechanism*" below for further details.

During the course of 2016, the UniCredit Group has been subject to the SREP process; a table setting out the UniCredit Group's transitional capital requirements and buffers – which also indicates TSCR (Total SREP Capital Requirement) and OCR (Overall Capital Requirement) – is reported below:

Requirement	CET1	T1	Total Capital
A) Pillar 1 Requirements	**4.50%**	**6.00%**	**8.00%**
B) Pillar 2 Requirements	**2.50%**	**2.50%**	**2.50%**
C) TSCR *(A+B)*	**7.00%**	**8.50%**	**10.50%**

D) Combined capital buffer requirement, of which:	**1.77%**	**1.77%**	**1.77%**
1. Capital Conservation buffer	*1.25%*	*1.25%*	*1.25%*
2. Global Systemically Important Institution buffer	*0.50%*	*0.50%*	*0.50%*
3. Institution-specific Countercyclical Capital buffer	*0.02%*	*0.02%*	*0.02%*
E) OCR *(C+D)*	**8.77%**	**10.27%**	**12.27%**

The quantum of any Pillar 2 requirement imposed on a bank, the type of capital which it must apply to meeting such capital requirements, and whether the Pillar 2 requirement is "stacked" below the capital buffers (i.e. the bank's capital resources must first be applied to meeting the Pillar 2 requirements in full before capital can be applied to meeting the capital buffers) or "stacked" above the capital buffers (i.e. the bank's capital resources can be applied to meeting the capital buffers in priority to the Pillar 2 requirement) may all impact a bank's ability to comply with the combined buffer requirement.

As set out in the "*Opinion of the European Banking Authority on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions*" published on 16 December 2015, in the EBA's opinion competent authorities should ensure that the Common Equity Tier 1 Capital to be taken into account in determining the Common Equity Tier 1 Capital available to meet the combined buffer requirement is limited to the amount not used to meet the Pillar 1 and Pillar 2 own funds requirements of the institution. In effect, this would mean that Pillar 2 capital requirements would be "stacked" below the capital buffers, and thus a firm's CET1 resources would only be applied to meeting capital buffer requirements after Pillar 1 and Pillar 2 capital requirements have been met in full.

However, more recently, the EBA and the ECB appear to have adopted a more flexible approach to Pillar 2. In its publication of the 2016 EU-wide stress test results on 29 July 2016, the EBA has recognised a distinction between "pillar 2 requirements" (stacked below the capital buffers) and "Pillar 2 capital guidance" (stacked above the capital buffers). With respect to Pillar 2 capital guidance, the publication stated that, in response to the stress test results, competent authorities may (among other things) consider "setting capital guidance, above the combined buffer requirement. Competent authorities have remedial tools if an institution refuses to follow such guidance. The ECB published a set of "*Frequently asked questions on the 2016 EU-wide stress test*", confirming this distinction between Pillar 2 requirements and Pillar 2 capital guidance and noting that "*under the stacking order, banks facing losses will first fail to fulfil their Pillar 2 capital guidance. In case of further losses, they would next breach the combined buffers, then Pillar 2 requirements, and finally Pillar 1 requirements*".

The CRD Reform Package proposes to legislate this distinction between "Pillar 2 requirements" and "Pillar 2 capital guidance". Whereas the former are mandatory requirements imposed by supervisors to address risks not covered or not sufficiently covered by Pillar 1 and buffer capital requirements, the latter refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar 1 and Pillar 2) and combined buffer requirements in order to cope with forward-looking and remote situations. Under the CRD Reform Package proposals,

(and as described above), only Pillar 2 requirements, and not Pillar 2 capital guidance, will be relevant in determining whether an institution is meeting its combined buffer requirement.

The 2016 SREP letter also introduces capital guidance (**Pillar 2 capital guidance**), to be fully satisfied with CET1 Capital.

Non-compliance with Pillar 2 capital guidance does not amount to failure to comply with capital requirements, but should be considered as a "pre-alarm warning" to be used in UniCredit's risk management process. If capital levels go below Pillar 2 capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by UniCredit of the reasons of the failure to comply with the Pillar 2 capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements - including capital strengthening requirements).

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

The CRD IV Package introduces a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. The Leverage Ratio Delegated Regulation (EU) No. 2015/62 was adopted on 10 October 2014 and was published in the Official Journal of the European Union in January 2015 amending the calculation of the leverage ratio compared to the current text of the CRD IV Regulation. Institutions have been required to disclose their leverage ratio from 1 January 2015. Full implementation of the leverage ratio as a Pillar 1 measure is currently under consultation as part of the CRD Reform Package, as defined below. The CRD IV Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to liquidity coverage ratio and leverage ratio in order to enhance regulatory harmonisation in Europe through the Single Rule Book.

During the period of the Strategic Plan, the compliance on the part of UniCredit Group with minimum levels of capital ratios applicable on the basis of prudential rules in force and/or those imposed by the supervisory authorities (for example in the context of the SREP) and the achievement of the forecasts of a regulatory nature indicated therein depends, inter alia, on the implementation of strategic actions, which may have a positive impact on the capital ratios. Therefore, if such strategic actions are not carried out in whole or in part, or if the same should result in benefits other than and/or lower than those envisaged in the 2016-2019 Strategic Plan, which could result in deviations, even significant, with respect to the Plan Objectives, as well as producing negative impacts on the ability of the UniCredit Group to meet the constraints provided by the prudential rules applicable and/or identified by the supervisory authorities and the economic situation, the financial assets of the Group itself.

Should UniCredit not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package, it may be required to maintain levels of capital which could potentially impact its credit ratings, and funding conditions and which could limit the Issuer's growth opportunities.

Forthcoming regulatory changes

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, among others, a revised Markets in Financial Instruments EU Directive and Markets in Financial Instruments EU Regulation which are expected to apply as of 3 January 2018, subject to certain transitional arrangements. The BCBS has also published certain proposed changes to the current securitisation framework which may be accepted and implemented in due course.

On 9 November 2015, the FSB published its final Total Loss-Absorbing Capacity ("**TLAC**") Principles and Term Sheet, proposing that G-SIBs maintain significant minimum amounts of liabilities that are subordinated (by law, contract or structurally) to liabilities excluded from TLAC, such as guaranteed insured deposits, derivatives, etc. and which forms a new standard for G-SIBs. The TLAC Principles and Term Sheet contains a set of principles on loss absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The FSB will undertake a review of the technical implementation of the TLAC Principles and Term Sheet by the end of 2019. The TLAC Principles and Term Sheet require a minimum TLAC requirement for each G-SIB at the greater of (a) 16 per cent. of RWA as of 1 January 2019 and 18 per cent. as of 1 January 2022, and (b) 6 per cent. of the Basel III Tier 1 leverage ratio requirement as of 1 January 2019, and 6.75 per cent. as of 1 January 2022.

Based on the most recently updated FSB list of G-SIBs published in November 2016 (to be updated annually), the UniCredit Group is a G-SIB included in bucket 1 and it will be subject to the TLAC requirements when they are implemented into applicable law, provided that at that time the UniCredit Group will still be included in the list of G-SIBs.

On 23 November 2016, the European Commission released a package of proposals (the "**Risk Reduction Measures Package**") amending CRD IV, the CRD IV Regulation, the BRRD and the SRM Regulation, which is expected to become applicable beginning 2019 (but this will ultimately depend on the procedure and the outcome of the discussions in the European Parliament and the Council). Among other things, these proposals aim to implement a number of new Basel standards (such as the leverage ratio, the net stable funding ratio, market risk rules and requirements for own funds and eligible liabilities) and to transpose the FSB's TLAC termsheet into European law. Once these proposals are finalised, changes to the CRD IV Regulation will become directly applicable to the UniCredit Group. The CRD IV amendments and the amendments to the BRRD will need to be transposed into Italian law before taking effect. See "*The bank recovery and resolution directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of*

failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of the Notes and/or the rights of Noteholders." below for further details on the implementation of TLAC in the EEA through changes to the BRRD.

Moreover, it is worth mentioning that the BCBS has embarked on a very significant RWA variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (credit, counterparty credit, market, operational risk), constraints to the use of internal models as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance, to improve consistency and comparability across banks. The finalisation of the new framework was completed in respect of market risk in 2016, with the new framework for credit risk and operational risk not yet finalised. Due to the wide undergoing revision by global and European regulators and supervisors, the internal models are expected to be subject to either changes or withdrawal in favor of a new standardised approach, which is also under revision. The regulatory changes will impact the entire banking system and consequently could lead to changes in the measurement of capital (although they will become effective after the time frame covered by the Strategic Plan). In 2016, the ECB began a review of the internal rating models authorised for calculating capital (the Targeted Review of Internal Models, referred to as **TRIM**), with the objective of ensuring the adequacy and comparability of the models given the highly fragmented nature of Internal Ratings-Based systems used by banks, and the resulting diversity in measurement of capital requirements. The review covers credit, counterparty and market risks. The TRIM will be ongoing through 2018 and is structured in two stages, with an institution-specific review commenced in 2016 and a model specific review in 2017 and 2018. In stage one, the ECB reviewed governance relating to UniCredit's IRB models as well as model mapping priorities, based on a sample of five "high default" portfolios. UniCredit will be involved in on-site inspections in connection with stage two of the TRIM. This second stage will focus on high default portfolio models in 2017 and low default portfolio models in 2018.

In March 2015, the EBA undertook the revision of some specific aspects of the RWA internal models, encouraging a major convergence between European banking supervision practices. So far the EBA has finalised the regulatory standards for the Internal Rating Based methodology and the Guidelines on the new Definition of Default. The final Guidelines on Probability of Default and the Loss Given Default estimation and treatment of defaulted assets are expected by the end of 2017. Based on the EBA's proposal, the rules for internally estimating the LGD would become significantly tighter. The implementation of all the proposed changes is expected by the end of 2020.

There can be no assurance that the implementation of the new capital requirements, standards and recommendations described above will not require UniCredit to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on UniCredit's business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect UniCredit's return on equity and other financial performance indicators.

ECB Single Supervisory Mechanism

In October 2013, the Council of the European Union adopted regulations establishing the Single Supervisory Mechanism for all banks in the euro area, which have, beginning in November 2014, given the ECB, in conjunction with the national competent authorities of the eurozone states, direct supervisory responsibility over "banks of systemic importance" in the Banking Union as well as their subsidiaries in a participating non-euro area Member State. The SSM framework regulation (ECB/2014/17) setting out the practical arrangements for the SSM was published in April 2014 and entered into force in May 2014. Banks directly supervised by the ECB include, inter alia, any eurozone bank that has: (i) assets greater than €30 billion; (ii) assets constituting at least 20 per cent of its home country's gross domestic product; or (iii) requested or received direct public financial assistance from the European Financial Stability Facility or the European Stability Mechanism.

The ECB is also exclusively responsible for key tasks concerning the prudential supervision of credit institutions, which includes, inter alia, the power to: (i) authorise and withdraw the authorisation of all credit institutions in the eurozone; (ii) assess acquisition and disposal of holdings in other banks; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain banks to protect financial stability under the conditions provided by EU law; (v) ensure compliance with robust corporate governance practices and internal capital adequacy assessment controls; and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities. The ECB also has the right to impose pecuniary sanctions.

National competent authorities will continue to be responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks, besides supporting ECB in day-to-day supervision. In order to foster consistency and efficiency of supervisory practices across the EU, the EBA is developing a Single Rule Book. The Single Rule Book aims to provide a single set of harmonised prudential rules which institutions throughout the EU must respect.

The ECB has fully assumed its new supervisory responsibilities of UniCredit and the UniCredit Group. The ECB is required under the SSM Regulation to carry out a SREP at least on an annual basis. In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP (the "**EBA SREP Guidelines**"). Included in these guidelines were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional Pillar 2 own funds requirements to be implemented from 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the Pillar 2 requirements to cover certain specified risks of at least 56 per cent. CET1 Capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by the combined buffer requirements (as described above) and/or additional macro-prudential requirements. Accordingly, the additional Pillar 2 own funds requirement that may be imposed on UniCredit and/or the UniCredit Group by the ECB pursuant to the SREP will require UniCredit and/or the UniCredit Group to hold capital levels above the minimum Pillar 1 capital requirements.

The bank recovery and resolution directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any OBG and/or the rights of OBG Holders.

On 2 July 2014, the BRRD entered into force and Member States were expected to implement the majority of its provisions. On 23 November 2016, the European Commission published a proposal to amend certain provisions of the BRRD (the "**BRRD Reforms**"). The proposal includes an amendment to Article 108 of the BRRD aimed at further harmonising the creditor hierarchy as regards the priority ranking of holders of bank senior unsecured debt in resolution and insolvency. A new class of so called "senior non-preferred debt" is proposed to be added that would be eligible to meet TLAC and MREL requirements. This new class of debt will be senior to all subordinated debt, but junior to ordinary unsecured senior claims. The envisaged amendments to the BRRD should not affect the existing stocks of bank debt and their statutory ranking in insolvency pursuant to the relevant laws of the Member State in which the bank is incorporated.

The BRRD provides resolution authorities with comprehensive arrangements to deal with failing banks at national level, as well as cooperation arrangements to tackle cross-border banking failures.

The BRRD sets out the rules for the resolution of banks and large investment firms in all EU Member States. Banks are required to prepare recovery plans to overcome financial distress. Competent authorities are also granted a set of powers to intervene in the operations of banks to avoid them failing. If banks do face failure, resolution authorities are equipped with comprehensive powers and tools to restructure them, allocating losses to shareholders and creditors following a specified hierarchy. Resolution authorities have the powers to implement plans to resolve failing banks in a way that preserves their most critical functions and avoids taxpayer bail outs.

The BRRD contains four resolution tools and powers which may be used alone (except for the asset separation tool) or in combination with other resolution tools where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims into shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are

convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**general bail-in tool**"). Such shares or other instruments of ownership could also be subject to any future application of the BRRD. For more details on the implementation in Italy, Ireland and Luxembourg please refer to the paragraphs below.

An SRF (as defined below) was set up under the control of the SRB (as defined below). It will ensure the availability of funding support while the bank is resolved. It is funded by contributions from the banking sector. The SRF can only contribute to resolution if at least 8 per cent. of the total liabilities of the bank have been bailed-in.

The BRRD requires all Member States to create a national, prefunded resolution fund, reaching a level of at least 1 per cent. of covered deposits by 31 December 2024. The National Resolution Fund for Italy was created in November 2015 and required both ordinary and extraordinary contributions to be made by Italian banks and investment firms, including the Issuer. In the Banking Union, the National Resolution Funds set up under the BRRD were superseded by the Single Resolution Fund as of 1 January 2016 and those funds will be pooled together gradually. Therefore, as of 2016, the Single Resolution Board, calculates, in line with a Council implementing act, the annual contributions of all institutions authorised in the Member States participating in the SSM and the SRM (as defined below). The SRF is financed by the European banking sector. The total target size of the Fund is equal to at least 1 per cent. of the covered deposits of all banks in the Member States participating in the Banking Union. The SRF is to be built up over eight years, beginning in 2016, to the target level of EUR 55 billion (the basis being 1 per cent. of the covered deposits in the financial institutions of the Banking Union). Once this target level is reached, in principle, the banks will have to contribute only if the resources of the SRF are exhausted in order to deal with resolutions of other institutions.

Under the BRRD, the target level of the National Resolution Funds is set at national level and calculated on the basis of deposits covered by deposit guarantee schemes. Under the SRM, the target level of the SRF is European and is the sum of the covered deposits of all institutions established in the participating Member States. This would result in significant variations in the contributions by the banks under the SRM as compared to the BRRD. As a consequence of this difference, when contributions started to be paid based on a joint target level as of 2016, contributions of banks established in Member States with a high level of covered deposits would have sometimes abruptly decreased, while contributions of those banks established in Member States with fewer covered deposits would have sometimes abruptly increased. In order to prevent such abrupt changes, the Council Implementing Act provides for an adjustment mechanism to remedy these distortions during the transitional period by way of a gradual phasing in of the SRM methodology.

The BRRD also provides for a Member State as a last resort, after having assessed and applied the above resolution tools (including the general bail-in tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support

must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD.

As an expemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalization EU state aid rules require that shareholders and junior bond holders contribute to the costs of restructuring.

In addition to the general bail-in tool and other resolutions tools, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments at the point of non-viability and before any other resolution action is taken with losses taken in accordance with the priority of claims under normal insolvency proceedings ("**Non-Viability Loss Absorption**").

For the purposes of the application of any Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or, in certain circumstances, its group, will no longer be viable unless the relevant capital instruments are written-down/converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution and/or, as appropriate, its group, would no longer be viable.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of certain debt instruments issued by an institution under resolution or amend the amount of interest payable under such instruments, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Banking Law (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applied from 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SME's will apply from 1 January 2019.

It is important to note that, pursuant to article 49 of Legislative Decree No. 180/2015, resolution authorities may not exercise the write down/conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability

(including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledge, lien or collateral against which it is secured.

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the general bail-in tool and (ii) the BRRD provides, at Article 44(3), that the resolution authority may, in specified exceptional circumstances, partially or fully exclude certain further liabilities from the application of the general bail-in tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally.

Also, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to DGSD have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to liquidation proceedings (and therefore the hierarchy which will apply in order to assess claims pursuant to the safeguard provided for in Article 75 of the BRRD as described above), by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs (which benefit from the super-priority required under Article 108 of the BRRD) will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, significant amounts of liabilities in the form of large corporate and interbank deposits which under the national insolvency regime currently in force in Italy rank pari passu with any unsecured liability owed to the OBG Holders, will rank higher than such unsecured liabilities in normal insolvency proceedings and therefore that, on application of the general bail-in tool, such creditors will be written-down/converted into equity capital instruments only after such unsecured liabilities. Therefore the safeguard set out in Article 75 of the BRRD (referred to above) would not provide any protection against this result since, as noted above, Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Therefore, under the BRRD, the liabilities in relation to the OBG that exceed the value of the Cover Pool may be subject to write-down or conversion into equity capital instruments on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. In these limited circumstances, the exercise of these, or any other power under the BRRD or any suggestion or

perceived suggestion of such exercise could, therefore, materially adversely affect the rights of OBG Holders, the price or value of their investment in any OBG and/or the ability of the Issuer to satisfy its obligations under any relevant OBG.

In addition to the capital requirements under CRD IV, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of Minimum Requirement for Own Funds and Eligible Liabilities (the "**MREL"**). The aim is that the minimum amount should be proportionate and adapted for each category of bank on the basis of their risk or the composition of their sources of funding and to ensure adequate capitalisation to continue exercising critical functions post resolution. The final draft regulatory technical standards published by the EBA in July 2015 set out the assessment criteria that resolution authorities should use to determine the MREL for individual firms.

The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not subject to supervision by the ECB) or to the Single Resolution Board (the "**SRB**") for banks subject to direct supervision by the ECB. The EBA has issued its final draft regulatory technical standards which further define the way in which national resolution authorities/the SRB shall calculate MREL. As from 1 January 2016, the resolution authority for UniCredit is the SRB and it is subject to the authority of the SRB for the purposes of determination of its MREL requirement. The SRB has indicated that it took core features of the TLAC standard into account in its 2016 MREL decisions and also that it may make decisions on the quality (in particular a subordination requirement) for all or part of the MREL. The SRB has targeted the end of 2017 for calculating binding MREL targets (applicable from 2019) at the consolidated level of all banking groups under its remit. MREL decisions for subsidiaries will be made in a second stage, based on, among other things, their individual characteristics and the consolidated level which has been set for the group. The draft regulatory technical standards published by the EBA contemplate that a maximum transitional period of 48 months may be applied for the purposes of meeting the full MREL requirement.

At the same time as it released the CRD Reform Package, the European Commission released the BRRD Reforms, both being part of the Risk Reduction Measures Package. Among other things, these proposals aim to implement TLAC and to ensure consistency, where appropriate, of MREL with TLAC. These proposals introduce a minimum harmonised MREL requirement (also referred to as a "**Pillar 1 MREL requirement**") applicable to G-SIIs (such as UniCredit) only. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs comply with a supplementary MREL requirement (a "**Pillar 2 MREL requirement**"). Banks will be allowed to use certain additional types of loss absorbent liabilities to comply with their Pillar 2 MREL requirement.

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD Reforms propose that in case a bank does not have sufficient eligible liabilities to comply with its MREL, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, the BRRD Reforms envisage a six-month grace period before

restrictions to discretionary payments to the holders of regulatory capital instruments and employees take effect due to a breach of the combined capital buffer requirement.

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

On 29 January 2014, the European Commission adopted a proposal for a new regulation on structural reform of the European banking sector following the recommendations released on 31 October 2012 by the High Level Expert Group (the Liikanen Group) on the mandatory separation of certain banking activities. The proposed regulation contains new rules which would prohibit the biggest and most complex banks from engaging in the activity of proprietary trading and introduce powers for supervisors to separate certain trading activities from the relevant bank's deposit-taking business if the pursuit of such activities compromises financial stability. This proposal was intended to take effect from 2017. However, legislative progress of the regulation has stalled.

The European proposed financial transactions tax (the FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the OBG (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the OBG are advised to seek their own professional advice in relation to the FTT.

Ratings

UniCredit is rated by Fitch Italia S.p.A. ("**Fitch**"), by Moody's Italia S.r.l. ("**Moody's**") and by Standard & Poor's Credit Market Services Italy S.r.l. ("**Standard & Poor's**"), each of which is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies as amended from time to time (the "**CRA Regulation**") as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on

the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information, please visit the ESMA webpage).

In determining the rating assigned to UniCredit, these rating agencies consider and will continue to review various indicators of UniCredit's creditworthiness, including (but not exhaustive) the Group's performance, profitability and its ability to maintain its consolidated capital ratios within certain target levels. If UniCredit fails to achieve or maintain any or a combination of more than one of the indicators, this may result in a downgrade of UniCredit's rating by Fitch, Moody's or Standard & Poor's.

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

2. Factors that may affect the OBG Guarantor's ability to fulfil its obligations under or in connection with the OBG issued under the Programme

OBG Guarantor only obliged to pay guaranteed amounts when the same are due for Payment

The OBG Guarantor has no obligation to pay any Guaranteed Amounts payable under the OBG Guarantee until service by the Representative of the OBG Holders on the Issuer and the OBG Guarantor of a Notice to Pay.

A Notice to Pay can only be served by the Representative of the OBG Holders if an Issuer Event of Default has occurred. A Guarantor Acceleration Notice can only be served if a Guarantor Event of Default has occurred.

Following service of a Notice to Pay under the terms of the OBG Guarantee (provided that (a) an Issuer Event of Default has occurred and (b) no Guarantor Acceleration Notice has been served), the OBG Guarantor will be obliged to pay any Guaranteed Amounts as and when the same are due for payment. Such payments will be subject to, and will be made in accordance with, the Post-Issuer Event of Default Priority. In these circumstances, other than the Guaranteed Amounts the OBG Guarantor will not be obliged to pay any amount, for example in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the OBG.

Extendable obligations under the OBG Guarantee

If the Extended Maturity Date is applicable to a Series (or Tranche) and if the OBG Guarantor is obliged under the OBG Guarantee to pay any Guaranteed Amounts and has insufficient funds available under the relevant priority of payments to pay such amount on the relevant Maturity Date, then the obligation of the OBG Guarantor to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Maturity Date. However, to the extent the OBG Guarantor has sufficient moneys available to pay in part the Guaranteed Amounts in respect of the relevant Series or Tranche of OBG, the OBG Guarantor shall make such partial payment in accordance with the relevant Priority of Payments, as described in Condition 8 (*Redemption and Purchase*) on the relevant Maturity Date and any subsequent Payment Date falling prior to the relevant Extended Maturity Date. Payment of the unpaid amount shall be

deferred automatically until the applicable Extended Maturity Date. Interest will continue to accrue and be payable on the unpaid Guaranteed Amount on the basis set out in the applicable Final Terms or, if not set out therein, Condition 8 (*Redemption and Purchase*), mutatis mutandis. In these circumstances, except where the OBG Guarantor has failed to apply money in accordance with the relevant Priority of Payments in accordance with Condition 8 (*Redemption and Purchase*), failure by the OBG Guarantor to pay the relevant Guaranteed Amount on the Maturity Date or any subsequent OBG Payment Date falling prior to the Extended Maturity Date (or the relevant later date in case of an applicable grace period) shall not constitute a Guarantor Event of Default. However, failure by the OBG Guarantor to pay any Guaranteed Amount or the balance thereof, as the case may be, by the relevant Extended Maturity Date and/or pay any other amount due under the OBG Guarantee will (subject to any applicable grace period) constitute a Guarantor Event of Default.

No gross-up for taxes by the OBG Guarantor

Notwithstanding anything to the contrary in this Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the OBG Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the OBG Holders, as the case may be, and shall not be obliged to pay any additional amounts to the OBG Holders.

Limited resources available to the OBG Guarantor

The obligation of the OBG Guarantor to fulfil its obligation under the OBG Guarantee will be limited recourse to the Available Funds

The OBG Guarantor's ability to meet its obligations under the OBG Guarantee will depend on the realisable value of the Portfolio and of the Eligible Investments (if any), the amount of principal and revenue proceeds generated by the Portfolio and Eligible Investments (if any) and the timing thereof and the Account Bank or in accordance with the Transaction Documents. The OBG Guarantor will not have any other source of funds available to meet its obligations under the OBG Guarantee.

The proceeds of the Portfolio, the Eligible Investments (if any), the Account Bank (as defined below) or in accordance with the Transaction Documents may not be sufficient to meet the claims of all the Secured Creditors, including the OBG Holders. If the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

OBG Holders should note that the Amortisation Test - which applies after the occurrence of an Issuer Event of Default - has been structured to ensure that the outstanding nominal amount of the Eligible Portfolio, together with any Eligible Investments (if any), the Account Bank or in accordance with the Transaction Documents, shall be higher than or equal to the nominal amount of the outstanding OBG, which should reduce the risk of there ever being a shortfall. In addition the MEF Decree and the BoI OBG Regulations provide for certain mandatory tests

aimed at ensuring, *inter alia*, that (a) the net present value of the Portfolio (net of certain costs) shall be higher than or equal to the net present value of the OBG; and (b) the amount of interests and other revenues generated by the Portfolio (net of certain costs) shall be higher than the interests and costs due by the Issuer under the OBG (see "Credit Structure" below for more details on the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test).

However there is no assurance that there will not be any shortfall in the amounts available to the OBG Guarantor to meet its obligations under the OBG Guarantee.

Reliance of the OBG Guarantor on third parties

The OBG Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the OBG Guarantor. In particular, but without limitation, the Servicer has been appointed to service the Portfolio and the Asset Monitor has been appointed to monitor compliance with the Over-Collateralisation Test, the Amortisation Test and the Mandatory Tests. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof may be affected, or, pending such realisation (if the Portfolio or any part thereof cannot be sold), the ability of the OBG Guarantor to make payments under the OBG Guarantee may be affected. For instance, if the Servicer has failed to adequately administer the Portfolio, this may lead to higher incidences of non-payment.

The ability of the OBG Guarantor to make payments in respect of the OBG, where applicable, will depend upon the due performance by the parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are each a party. In particular, without limitation, the punctual payment of amounts due on the OBG will depend on the ability of the Servicer to service the Portfolio. The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. In each case, the performance by the OBG Guarantor of its obligations under the Transaction Documents is also dependent on the solvency of, *inter alios*, the Servicer.

If a Servicer Termination Event (as defined below) occurs the OBG Guarantor, upon indication by the Issuer and subject to the approval in writing of the Representative of the OBG Holders, shall appoint another entity which shall be an eligible entity as successor servicer (the "**Successor Servicer**") which shall perform the servicing activities required to be performed by the Servicer, in accordance with the terms of the Intercreditor Agreement and of the Servicing Agreement.

Upon the occurrence of a Servicer Termination Event, the obligors under the Portfolio will be instructed to pay all the amounts due in respect of the Portfolio directly on a bank account opened with an Eligible Institution in the name of the OBG Guarantor. The Representative of the OBG Holders is not obliged in any circumstances to act as a servicer or to monitor the performance by any servicer of its obligations.

Limited description of the Portfolio

OBG Holders will not receive detailed statistics or information in relation to the Assets in the Portfolio, because it is expected that the constitution of the Portfolio will frequently change due to, for instance:

(vii) UniCredit (as Seller and Issuer) or the Additional Seller (if any) selling further Assets (or Assets, which are of a type that have not previously been comprised in the Portfolio to the OBG Guarantor);

(viii) UniCredit (as Seller and Issuer) or the Additional Seller (if any) repurchasing certain Assets in accordance with the Master Transfer Agreement (as defined below); and

(ix) UniCredit (as Seller and Servicer) or the Additional Seller (if any) being granted by the OBG Guarantor with a wide power to renegotiate the terms and conditions of the Assets or further Assets.

However, each Mortgage Receivables or further Mortgage Receivables will be required to meet the Criteria and to conform with the representations and warranties set out in the Warranty and Indemnity Agreement — see "*Description of the Transaction Documents — Warranty and Indemnity Agreement*" below. In addition, the Mandatory Tests and the Over-Collateralisation Test are intended to ensure that the Outstanding Principal Balance of the Eligible Portfolio is higher than or equal to the Outstanding Principal Balance of the OBG for so long as OBG remain outstanding and the Calculation Agent will provide on each relevant OC Calculation Date a basis reports that will set out certain information in relation to the Mandatory Tests and the Over-Collateralisation Test.

In addition to the above, according to the Master Transfer Agreement, the Warranty and Indemnity Agreement and the Servicing Agreement, (i) UniCredit (as Seller and Issuer) (or the Additional Seller (if any) as the case may be) and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders approval, amend the General Criteria and the Specific Criteria (ii) UniCredit (as Seller and Issuer) (or the Additional Sellers (if any) as the case may be) and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders, amend certain representations and warranties granted in relation to newly assigned Mortgage Receivables if such amendment are necessary as a consequence of a change in the lending policies of the Seller (or the Additional Seller (if any) as the case may be), (iii) the Seller and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders' approval, amend the Specific Criteria and the representation and warranties in relation to the sale of further assets originated by entities belonging to the UniCredit Banking Group other than the Seller (and included within the Capitalia Group banks) and (iv) the Seller and the OBG Guarantor may, without the prior consent of the Representative of the OBG Holders or the OBG Holders approval, amend the Master Transfer Agreement and the other relevant Transaction Documents in case of a change in law or new interpretations, amendments or further guidelines issued by the Bank of Italy or any competent regulator, provided that any such above amendment will be subject to notification to the Rating Agency and the Representative of the OBG Holders and, if provided for under the relevant agreement,

confirmation by the same Rating Agency that the relevant amendment does not impact the rating assigned to the OBG.

In accordance with the Portfolio Administration Agreement, any Additional Seller may sell to the OBG Guarantor, and the latter shall purchase, Assets and Integration Assets without the prior consent of the Representative of the OBG Holders or the OBG Holders and, *inter alia*, subject to (i) the written approval by UniCredit (as Issuer and Seller) in relation to such sale, (ii) with respect to the purchase of Assets and Integration Assets, prior notification to the Rating Agency that Additional Sellers will sell Assets and Integration Assets, (iii) the execution of a master transfer agreement by the Additional Seller, substantially in the form of the Master Transfer Agreement (as amended to take into account the characteristics of the Assets or the Integration Assets sold by it) or in such other form as may be agreed amongst the Additional Seller and the OBG Guarantor and (iv) the granting of a subordinated loan by the Additional Seller for the purpose of financing the purchase of Assets or Integration Assets from it in accordance with the provision of a subordinated loan agreement to be executed substantially in the form of the Subordinated Loan Agreement (as defined below).

Sale of Selected Assets following the service of a Notice to Pay

If a Notice to Pay is served on the OBG Guarantor, then the OBG Guarantor shall (if necessary in order to effect timely payments under the OBG, as determined by the Calculation Agent in consultation with the Portfolio Manager) sell Selected Assets (selected on a Random Basis) in accordance with, and subject to, the terms of the Portfolio Administration Agreement in order to make payments to the OBG Guarantor's creditors including making payments under the OBG Guarantee, see "*Description of the Transaction Documents — Portfolio Administration Agreement*" below.

There is no guarantee that a buyer will be found to acquire Selected Assets at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained for such Selected Assets, which may affect payments under the OBG Guarantee. However, the Selected Assets may not be sold by the OBG Guarantor for less than an amount equal to the Required Redemption Amount for the relevant Series or Tranche of OBG until six months prior to the Maturity Date in respect of such OBG or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date in respect of such OBG. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the OBG Guarantor is obliged to sell the Selected Assets for the best price reasonably available notwithstanding that such price may be less than the Required Redemption Amount.

Realisation of assets following the service of a Guarantor Acceleration Notice

If a Guarantor Acceleration Notice is served on the OBG Guarantor, then the OBG Guarantor is obliged to sell the Selected Assets as quickly as reasonably practicable taking into account the market conditions at that time (see "*Description of the Transaction Documents — Portfolio Administration Agreement*" below).

There is no guarantee that the proceeds of realisation of the Portfolio will be in an amount sufficient to repay all amounts due to creditors (including the OBG Holders) under the OBG

and the Transaction Documents. If a Guarantor Acceleration Notice is served on the OBG Guarantor then the OBG may be repaid sooner or later than expected or not at all.

Factors that may affect the realisable value of the Portfolio or the ability of the OBG Guarantor to make payments under the OBG Guarantee

Following the occurrence of an Issuer Event of Default, the service of a Notice to Pay on the Issuer and on the OBG Guarantor, the realisable value of Selected Assets comprised in the Portfolio may be reduced (which may affect the ability of the OBG Guarantor to make payments under the OBG Guarantee) by:

(i) default by borrowers on the amounts due in respect of Assets and Integration Assets;

(ii) changes to the lending criteria of UniCredit (or the Additional Seller (if any) as the case may be);

(iii) set-off risks in relation to some types of Mortgage Receivables in the Portfolio;

(iv) limited recourse to the OBG Guarantor;

(v) possible regulatory changes by the Bank of Italy, Consob and other regulatory authorities;

(vi) adverse fluctuation of interest rates;

(vii) regulations in Italy that could lead to some terms of the Mortgage Receivables being unenforceable;

(viii) timing for the relevant sale of Assets; and

(ix) status of the real estate market in the areas where the Issuer operates.

Each of these factors is considered in more detail below. However, it should be noted that the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test are intended to ensure that there will be an adequate amount of Mortgage Receivables in the Portfolio and moneys standing to the credit of the Accounts (including any amount invested in Eligible Investments (if any) and without duplication to the above) to enable the OBG Guarantor to repay the OBG following an Issuer Event of Default, service of a Notice to Pay on the Issuer and on the OBG Guarantor and accordingly it is expected (although there is no assurance) that Selected Assets could be realised for sufficient values to enable the OBG Guarantor to meet its obligations under the OBG Guarantee.

Value of the Portfolio

The OBG Guarantee granted by the OBG Guarantor in respect of the OBG will be backed by the Portfolio and the recourse against the OBG Guarantor will be limited to such assets. Since the economic value of the Portfolio may increase or decrease, the value of the OBG Guarantor's assets may decrease (for example if there is a general decline in property values). The Issuer makes no representation, warranty or guarantee that the value of a Real Estate will remain at the same level as it was on the date of the origination of the related Mortgage Receivable or at any other time. If the residential property market in Italy experiences an

overall decline in property values, the value of the Mortgage Receivable could be significantly reduced and, ultimately, may result in losses to the holders of the OBG if such security is required to be enforced.

No representations or warranties to be given by the OBG Guarantor if Selected Assets and their related security interests are to be sold

After the service of a Notice to Pay on the Issuer and the OBG Guarantor, but prior to service of a Guarantor Acceleration Notice, the OBG Guarantor shall, if necessary in order to effect timely payments under the OBG, sell the Selected Assets and their related security interests included in the Portfolio, subject to a right of pre-emption of the Seller and of any Additional Seller (if any) pursuant to the terms of the Master Transfer Agreement and of the Portfolio Administration Agreement. In respect of any sale of Selected Assets and their related security interests to third parties, however, the OBG Guarantor will not provide any warranties or indemnities in respect of such Selected Assets and related security interests and there is no assurance that the Seller and any Additional Seller (if any) would give or repeat any warranties or representations in respect of the Selected Assets and related security interests or if it has not consented to the transfer of such warranties or representations. Any representations or warranties previously given by the Seller in respect of the Mortgage Receivables in the Portfolio may not have value for a third party purchaser if the Seller or the relevant Additional Seller (if any) is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Assets and related security interests could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the OBG Guarantor to meet its obligations under the OBG Guarantee.

Default by borrowers in paying amounts due on their Assets

Borrowers may default on their obligations due under the Assets or the Integration Assets for a variety of reasons. The Assets and Integration Assets are affected by credit, liquidity and interest rate risks. Various factors influence delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Certain factors may lead to an increase in default by the borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Assets or Integration Assets. Loss of earnings, illness,divorce and other similar factors may lead to an increase in default by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Receivables. In addition, the ability of a borrower to sell a property given as security for a Mortgage Receivable at a price sufficient to repay the amounts outstanding under that Mortgage Receivable will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. The recovery of amounts due in relation to a Mortgage Receivable classified as a Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following:

proceedings in certain courts involved in the enforcement of the Mortgage Receivables and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate.

Italian Law No. 302 of 3 August 1998, Italian Law No. 80 of 14 May 2005, Italian Law No. 263 of 28 December 2005 and the Italian Civil Procedure Code permit notaries, chartered accountants or lawyers duly registered with the relevant register kept and updated from time to time by the president of the relevant court (*Presidente del Tribunale*). to conduct certain stages of the enforcement procedures in place of the courts in order to reduce the length of enforcement proceedings by between two and three years.

Changes to the lending criteria of the Seller

Each of the Mortgage Receivables originated by the Seller will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Receivables sold to the OBG Guarantor by the Seller, but originated by a person other than the Seller (an "**Originator**"), will have been originated in accordance with the lending criteria of such Originator at the time of origination. It is expected that the Seller's or the relevant Originator's, as the case may be, lending criteria will generally consider term of loan, indemnity guarantee policies, status of applicants and credit history. In the event of the sale or transfer of any Mortgage Receivables to the OBG Guarantor, the Seller will warrant that (a) such Mortgage Receivables as were originated by it were originated in accordance with the Seller's lending criteria applicable at the time of origination and (b) such Mortgage Receivables as were originated by an Originator, were originated in accordance with the relevant Originator's lending criteria applicable at the time of origination. The Seller retains the right to revise its lending criteria from time to time subject to the terms of the Master Transfer Agreement. An Originator may additionally revise its lending criteria at any time. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Receivables, that may lead to increased defaults by borrowers and may affect the realisable value of the Portfolio and the ability of the OBG Guarantor to make payments under the OBG Guarantee.

Legal risks relating to the Assets

The ability of the OBG Guarantor to recover payments of interest and principal from the Assets is subject to a number of legal risks. These include the risks set out below.

Mortgage Loans performance

There can be no guarantee that the relevant Debtors will not default under the mortgage loans and that they will therefore continue to perform. The recovery of amounts due in relation to non-performing loans will be subkect to the effectriveness of enforcement proceedings in respect of the mortgage loans, which in the Republic of Italy can take a considerable time,

depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the mortgage loans and the relevant mortgages may take longer than the national average; obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence or contrerclaim to the proceedings. According to statistics published by the Ministry of Justice in 2013 with regard to data as at 2011, the recovery period for loans in respect of which recovery is by foreclosure proceedings oin trhe related mortgaged real estate usually lasts three years and six months, although such period may vary significantly depending upon, *inter alia*, the type and location of the related mortgaged real estate and the other factors described above.

Recently, new legal provisions have been introduced in order to speed up legal proceedings. In particular, Law Decree No. 59 of 2 May 2016, as converted into Law No. 119 of 30 June 2016, implemented new provisions in the Royal Decree No. 267 of 16 March 1942 and the Italian Civil Procedure Code aimed at:

(i) Amending the provisions of Insolvency Law, by introducing the possibility of using electronic technologies for hearings and for meetings of creditors. Furthermore, failure to comply with the time limits established for the proceeding in Article 110, first paragraph, of the Insolvency Law, is envisaged as a just cause for removing the receiver; and

(ii) Making certain changes to Italian Civil Procedure Code, including:

(a) the inadmissibility of opposing the forced sale once the sale or allocation of the attached asset has been decreed;

(b) the provisional enforcement of the court order if the statement of opposition is not based on documentary proof;

(c) simplification of procedures for releasing the attached property;

(d) the possibility of the attached asset being allocated to a third party yet to be nominated;

(e) the obligation to proceed with sales on the basis of electronic modalities, and the right for the judge to order, after three auctions without bidders, lowering the basic price by up to a half;

(f) the possibility, for the judge and the professionals entrusted with selling, to proceed with partial distributions of the sums obtained from forced sales.

The above provisions are expected to reduce the length of the enforcement proceedings.

Set-off risks

The assignment of receivables under Law 130 is governed by Article 58, paragraphs 2, 3 and 4, of the Banking Law (as defined below). According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of

(i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the competent companies' register. Consequently, the rights of the OBG Guarantor may be subject to the direct rights of the borrowers against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the competent companies' register. Some of the Assets in the Portfolio may have increased risks of set-off, because the Seller or, as applicable, the relevant Originator is required to make payments to the relevant borrowers (including, without limitation, where the relevant borrower is an employee of the Seller or the relevant Originator). In addition, the exercise of set-off rights by borrowers may adversely affect the proceeds which may be realised from the sale of the Portfolio and, ultimately, the ability of the OBG Guarantor to make payments under the OBG Guarantee.

The assignment of receivables under Law 130 is governed by Article 58, paragraph 2, 3 and 4, of the Italian Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant Debtors as of the later of (a) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (b) the date of registration of the notice of assignment in the local Companies' Register. Consequently, the rights of the OBG Guarantor may be subject to the direct rights of the borrowers against the relevant Seller or, as applicable the relevant originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the Companies' Register. Some of the mortgage loans in the Cover Pool may have increased risks of set-off, because the Seller or, as applicable, the relevant Originator is required to make payments under them to the borrowers. In addition, the exercise of set-off rights by borrowers may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the OBG Guarantor to make payments under the OBG Guarantee.

Furthemore, Law Decree No. 145 of 23 December 2013 (*Decreto Destinazione Italia*) as converted with amendments into Law No. 9 of 21 February 2014 (the "**Destinazione Italia Decree**") introduced, inter alia, certain amendments to article 4 of Law 130. As a consequence of such amendments, it is now expressely provided by Law 130 that the Debtors cannot exercise rights of set-off against the OBG Guarantor on claims arising *vis-à-vis* the Seller after the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*).

Usury Law

Italian Law number 108 of 7 March 1996, as amended, (the ("**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the ("**Usury Rates** ") set every three months on the basis of a decree issued by the Italian Treasury (the last such Decree having been issued on 24 September 2015). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and

economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

On 29 December 2000, the Italian Government issued law decree No. 394 (the "**Decree 394**"), converted into law by the Italian Parliament on 28 February 2001, which clarified the uncertainty about the interpretation of the Usury Law and provided, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Rates at the time when the loan agreement or any other credit facility was entered into or the interest rate was agreed. The Decree 394, as interpreted by the Italian Constitutional Court by decision No. 29 of 14 February 2002, also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 31 December 2000 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (*Buoni Tesoro Poliennali*) in the period from January 1986 to October 2000.

According to recent court precedents of the Italian Supreme Court (*Corte di Cassazione*), the remuneration of any given financing must be below the applicable Usury Rate from time to time applicable. Based on this recent evolution of case law on the matter, it will constitute a breach of the Usury Law if the remuneration of a financing is lower than the applicable Usury Rate at the time the terms of the financing were agreed but becomes higher than the applicable Usury Rate at any point in time thereafter. Furthermore, those court precedents have also stated that default interest rates are relevant and must be taken into account when calculating the aggregate remuneration of any given financing for the purposes of determining its compliance with the applicable Usury Rate. That interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates. On 3 July 2013, also the Bank of Italy has confirmed in an official document that default interest rates should be taken into account for the purposes of the Statutory Usury Rates and has acknowledged that there is a discrepancy between the methods utilised to determine the remuneration of any given financing (which must include default rates) and the applicable Statutory Usury Rates against which the former must be compared. However the Guarantor is entitled to be indemnified by the Issuer pursuant to the Warranty and Indemnity Agreement for any loss suffered in connection with a breach of the Usury Law in relation to the loans.

Compounding of interest (anatocismo)

Pursuant to Article 1283 of the Italian Civil Code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices (*usi*) to the contrary. Banks and financial companies in the Republic of Italy have traditionally capitalised accrued interest on a three-monthly basis on the grounds that such

practice could be characterised as a customary practice (*uso normativo*). However, a number of recent judgments from Italian courts (including judgments from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99, No. 2593/2003, No. 21095/2004, No. 4094/2005 and No. 10127/2005) have held that such practices are not *uso normativo*. Consequently, if customers of the Originator or of the Seller were to challenge this practice and such interpretation of the Italian Civil Code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Mortgage Loans. UCI has, however, represented in the Warranty and Indemnity Agreement that the Mortgage Loans comply with Article 1283 of the Italian Civil Code

In this respect, it should be noted that Article 25, paragraph 3, of legislative decree No. 342 of 4 August 1999 ("**Law No. 342**"), enacted by the Italian Government under a delegation granted pursuant to law No. 142 of 19 February 1992, has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest is no longer possible upon the terms established by a resolution of the CICR issued on 22 February 2000. Law No. 342 has been challenged and decision No. 425 of 17 October 2000 of the Italian Constitutional Court has declared as unconstitutional under the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

Recently, Article 17-*bis* of law decree No. 18 of 14 February 2016 as converted into law No. 59 of 8 April 2016 amended Article 120, paragraph 2of the Banking Law, providing that interests shall not accrue on capitalised interests. However, given the novelty of this new legislation and the absence of a clear jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Prospectus.

Mortgage Credit Directive

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (the "**Mortgage Credit Directive**") sets out a common framework for certain aspects of the laws, regulations and administrative provisions of the Member States concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property. The Mortgage Credit Directive provides for, amongst other things:

- standard information in advertising, and standard pre-contractual information;
- adequate explanations to the borrower on the proposed credit agreement and any ancillary service;
- calculation of the annual percentage rate of charge in accordance with a prescribed formula;
- assessment of creditworthiness of the borrower;
- a right of the borrower to make early repayment of the credit agreement; and

- prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The Mortgage Credit Directive came into effect on 20 March 2014 and was required to be implemented in Member States by 21 March 2016.

On 1 June 2015, in accordance with Article 18, Article 20(1) and Article 28 of the Mortgage Credit Directive, the EBA published its final Guidelines on creditworthiness assessment, as well as its final Guidelines on arrears and foreclosure, that support the national implementation by Member States of the Mortgage Credit Directive.

In Italy, the Government has approved the Legislative Decree No. 72 of 21 April 2016, implementing the Mortgage Credit Directive and published on the Official Gazette of the Republic of Italy on 20 May 2016 (the "**Mortgage Legislative Decree**"), which introduced Article 12 *quinquiesdecies* of the Italian Banking Act.

The Mortgage Legislative Decree applies to: (i) residential mortgage loans and (ii) loans relating to the purchase or preservation of the property right on a real estate asset.

The Mortgage Legislative Decree sets forth a regulatory framework of procetcion for consumers, including certain rules of correctness, diligence, information undertalngs and transparency applicable to lenders and intermediaries which offer and disburse loans to consumers.

Furthermore, under the Mortgage Legislative Decree, the parties to a loan agreement may agree, at the time the relevant loan agreement is enetered into, that should the borrower fail to repay an amount at least equal to eighteen loan instalments, the transfer of the title to the lender either over the mortgaged real estate asset or the proceeds deriving from the sale of such real estate asset extinguishes in full the repayment obligation of the borrower under the relevant loan agreement even if the value of the relevant real estate asset or the amount of proceeds deriving from the sale of such real estate asset is lower than the remaining amount due by the borrower under the loan agreement.

On the other hand, if the value of the real estate asset or the proceeds deriving from the sale of the real estate asset are higher than the remaining amount due by the borrower under the loan agreement, the excess amount shall be paid or returned to the borrower.

Accortind to the Mortage Legislative Decree, the Bank of Italy and the Ministry of Economy and Finance will enact implementing provisions of it.

Given the novelty of this new legislation and the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Prospectus.

No assurance can be given that the Mortage Legislative Decree and its implementing regulation will not adversely affect the ability of the OBG Guarantor to make payments under the OBG Guarantee.

Mortgage borrower protection
Article 120-ter of the Banking Law

Article 120-ter of the Banking Law provides that any provisions imposing a prepayments penalty in case of early redemption of mortgage loans is null and void with respect to loan agreements entered into, with an individual as borrower for the purpose of purchasing or restructuring real estate properties destined to residential purposes or to carry out the borrower's own professional or business activities.

The Italian banking association ("**ABI**") and the main national consumer associations have reached an agreement (the "**Prepayment Penalty Agreement**") regarding the equitable renegotiation of prepayment penalties with certain maximum limits calculated on the outstanding amount of the loans (the "**Substitutive Prepayment Penalty**") containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive Prepayment Penalty should not exceed 0.50 per cent. and should be further reduced to (a) 0.20 per cent. in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50 per cent., and should be further reduced to: (a) 0.20 per cent., in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90 per cent. if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50 per cent. if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20 per cent., in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a "safeguard" equitable clause (the "**Clausola di Salvaguardia**") in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the Clausola di Salvaguardia provides that: (1) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20 per cent.; (2) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25 per cent. if the agreed amount of the prepayment penalty was equal or higher than 1.25 per cent.; or (y) 0.15 per cent., if the agreed amount of the prepayment penalty was lower than 1.25 per cent.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

Prospective OBG Holders' attention is drawn to the fact that, as a result of the entry into force of the Prepayment Penalty Agreement, the rate of prepayment in respect of Mortgage

Receivables can be higher than the one traditionally experienced by the Seller for mortgage loans and that the OBG Guarantor may not be able to recover the prepayment fees in the amount originally agreed with the borrowers.

Article 120-quater of the Banking Law

Article 120-quater of the Banking Law provides that any borrower may at any time prepay the relevant loan funding such prepayment by a loan granted by another lender which will be subrogated pursuant to article 1202 of the Italian civil code (*surrogato per volontà del debitore*) in the rights of the former lender, including the mortgages (without any formalities for the annotation of the transfer with the land registry, which shall be requested by enclosing a certified copy of the deed of subrogation (*atto di surrogazione*) to be made in the form of a public deed (*atto pubblico*) or of a deed certified by a notary public with respect to the signature (*scrittura privata autenticata*) without prejudice to any benefits of a fiscal nature.

In the event that the subrogation is not completed within thirty days from the relevant request from the succeeding lender to the former lender to start the relevant cooperation procedures, the original lender shall pay to the borrower an amount equal to 1 per cent. of the amount of the loan for each month or part thereof of delay, provided that if the delay is due to the succeeding lender, the latter shall repay to the former lender the delay penalty paid by it to the borrower.

As a consequence of the above and, as a result of the subrogation, the rate of prepayment of the Mortgage Receivables might materially increase.

Borrower's right to suspend payments under a mortgage loan

Pursuant to Article 2, paragraph 475 and ff. of Italian law number 244 of 24 December 2007 (the "**2008 Budget Law**") any borrower under a mortgage loan agreement executed for the purposes of acquiring a "first home" real estate property (*unità immobiliare da adibire ad abitazione principale*) giving evidence of its incapability to pay any instalments falling due under a mortgage loan is entitled to suspend payment of any such instalments for no more than two times during the life of the relevant mortgage loan and for a maximum duration of 18 months (the "**Borrower Payment Suspension Right**"). Upon exercise of the Borrower Payment Suspension Right the duration of the relevant mortgage loan will be extended to a period equal to the duration of the relevant suspension period.

The 2008 Budget Law also provided for the establishment of a fund (so called "*Fondo di solidarietà*", the "**Fund**") created for the purpose of bearing certain costs deriving from the suspension of payments and refers to implementing regulation to be issued for the determination of: (i) the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid of the Fund; and (ii) the formalities and operating procedures of the Fund. In order to extend the operation of the Fund, article 6 of Law Decree No. 102 of 31 August 2013, as converted into law by Italian Law No. 124 of 28 October 2013, has provided for the allocation of an additional amount of Euro 20.000.000 to the Fund for each of the years 2014 and 2015.

On 21 June 2010, the Ministry of Treasury and Finance (*Ministro dell'economia e delle finanze*) adopted ministerial decree No. 132 ("**Decree 132/2010**") detailing the requirements and formalities which any Borrower must comply with in order to exercise the Borrower Payment Suspension Right.

Pursuant to Decree 132/2010, the Ministry of Economy and Finance, on 27 October 2010, issued the guidelines (*Linee Guida*) (the "**Guidelines**") – published on the website *www.dt.tesoro.it* (for the avoidance of doubt, such website does not constitute part of this Prospectus) which establish the procedures that borrowers must follow in order to to exercise the Borrower Payment Suspension Right.

As specified in the Guidelines, pursuant to the provision of Decree 132, the Borrower Payment Suspension Right can be granted also in favour of mortgage loans which have been subject to covered bonds transactions pursuant to Law 130.

In light of the above, pursuant to the Decree of the General Director of Treasury Department of the Ministry of Economy and Finance issued on 14 September 2010, CONSAP (*Concessionaria Servizi Assicurativi S.p.A.*), was selected as managing company of the Fund. The request to access to the aid granted by the Fund must be presented by borrowers starting from 15 November 2010, by using the relevant form of suspension-request duly prepared in compliance with the Guidelines and accompanied by the relevant documentation indicated therein.

Any borrower who complies with the requirements set out in Decree 132 and the Guidelines, has the right to suspend the payment of the instalments of its Mortgage Receivables up to 18 months.

The agreement entered into on 18 December 2009 between the Italian Banking Association (*Associazione Bancaria Italiana - ABI*) and the Consumers Associations (*Associazioni dei Consumatori*) along with the relevant technical document attached therein adhered by the Issuer on 27 January 2010 (the "**Piano Famiglie**") provides for a 12-month period suspension of payment of instalments relating to mortgage loans, where requested by the relevant Debtor during the period from 1 February 2010 to 31 January 2013. The suspension is allowed only where the following events have occurred: (i) termination of employment relationship; (ii) termination of employment relationships regulated under Article 409 No. 3 of the Italian civil procedure code; (iii) death or the occurrence of conditions pertaining to non-self sufficiency; and/or (iv) suspension from work or reduced working hours for a period of at least 30 days. The relevant events satisfying the subjective requirements must have occurred in respect of the relevant Debtor during the period from 1 January 2009 to 31 December 2012. The suspension can be requested on one occasion only, provided that the mortgage loans are granted for amounts not exceeding €150,000, granted for the purchase, construction or renovation of a primary residence (*mutui prima casa*), including: (i) mortgage loans assigned under securitisation or covered bond transactions pursuant to Law 130, (ii) renegotiated mortgage loans and (iii) mortgage loans whereby the relevant lender was subrogated. Finally, in order to obtain such suspension of payments, the borrower shall have an income not exceeding €40,000 per year. The document clarifies that, in the context of a securitisation or covered bond

transaction, the special purpose vehicle, or the Issuer acting on its behalf, can adhere to the Piano Famiglie. The suspension can be limited to principal instalments only or can encompass both principal and interest instalments.

On 31 January 2012 ABI and the consumers' associations entered into a convention (*Nuovo Accordo*) that provides that the suspension of payment of instalments relating to mortgage loans may be applied for by 31 July 2012. Such convention amended the following conditions to be met in order to benefit from the suspension: (i) the conditions to benefit from the Piano Famiglie must be met by 30 June 2012; and (ii) the in payment delays of instalments cannot exceed 90 days (instead of 180 days).

On 31 July 2012 ABI and the consumers' associations entered into a Protocollo d'intesa, amending the "Nuovo Accordo" above mentioned as follows:

1) the final term to apply for the suspension of payment has been postponed to the earlier between (i) the date on which regulations implementing the Art. 2, paragraph 475 and followings of Law number 244 of 24 December 2007 relating to the Fund (as defined in the paragraph below) will be issued, and (ii) 31 January 2013.

2) the final term to meet the conditions necessary to benefit from the suspention of payment has been postponed to the earlier between (i) the date on which regulations implementing the Art. 2, paragraph 475 and followings of Law number 244 of 24 December 2007 relating to the Fund (as defined above) will be issued, and (ii) 31 December 2012.

On 30 January 2013 ABI and the consumers' associations entered into a new "*Protocollo d'intesa*" amending the aforementioned conventions, which provided that the suspension of payment of instalments relating to mortgage loans may be applied for no later than 31 March 2013 and, in order to benefit from the suspension, (i) the conditions must be met by 28 February 2013 and (ii) the payment delays of instalments cannot exceed 90 days.

Furthermore, pursuant to Article 8, paragraph 6, of Law Decree No. 70 of 13 May 2011, converted into law by law No. 106 of 12 July 2011 (the "**Decreto Sviluppo**"), certain borrowers may achieve (i) a renegotiation of mortgage loans which may result in the amendment of the interest calculation method from floating rate to fixed rate and (ii) the extension of the applicable amortisation plan of the relevant mortgage loan for a period not longer than five years, provided that, as a result of such extension, the residual duration of the relevant mortgage loan does not exceed a period equal to 25 years.

On 31 March 2015, ABI and the consumers' associations, in accordance with the provisions of Law No. 190 of 23 December 2014 (so called, "*Legge di Stabilità 2015*"), entered into an agreement pursuant to which, by 31 December 2017, consumers who are in a situation of economic difficulties, as further specified by the agreement, may ask for the suspension of payment of instalments relating to mortgage loans having a maturity of at least 24 months, in accordance with the previous agreements reached between ABI and consumer associations.

Prospective investors' attention is drawn to the fact that the potential effects of the suspension schemes and the impact thereof on the amortisation and prepayment profile of the Portfolio cannot be predicted by the Issuer as at the date of this Prospectus.

Renegotiations of floating rate Mortgage Loans

Law Decree No. 93 of 27 May 2008 ("**Law Decree 93**"), converted into law No. 126 of 24 July 2008 ("**Law 126**") which came into force on 29 May 2008, regulates the renegotiation of floating rate mortgage loans granted for the purposes of purchasing, building or refurbishing real estate assets used as main houses.

According to Law 126, the *Ministero dell'Economia e delle Finanze* (*Minister of Economy and Finance*) and the ABI entered into a convention providing for the procedures for the renegotiation of such floating rate mortgage loans (the "**Convention**").

The Convention applies to floating rate mortgage loan agreements entered into or taken over (*accollati*), also further to the parcelling (*frazionamento*) of the relevant mortgages, before 29 May 2008. Pursuant to the Convention, the instalments payable by a borrower under any of such mortgage loan agreements will be recalculated applying (a) a fixed interest rate (equal to the average of the floating rate interest rates applied under the relevant mortgage loan agreement during 2006) on the initial principal amount and for the original final maturity date of the relevant mortgage loan, or (b) if the mortgage loan has been entered into, renegotiated or taken over (*accollato*) after 31 December 2006, the parameters used for the calculation of the first instalment due after the date on which the mortgage loan has been entered into, renegotiated or taken over (*accollato*). The difference between the amount to be paid by the borrower as a result of such recalculation and the amount that the borrower would have paid on the basis of the original instalment plan will be (a) if negative, debited to a bank account on which interest will accrue in favour of the lender at the lower of (i) the rate equal to 10 (ten) IRS (interest rate swap) plus a spread of 0.50, and (ii) the rate applicable pursuant to the relevant mortgage loan, each of them calculated, in a fixed amount, on the renegotiation date, or (b) if positive, credited to such bank account. After the original final maturity date of the mortgage loan, the outstanding debt on the bank account will be repaid by the borrower through constant instalments equal to the ones resulting from the renegotiation, and the amortisation plan will be determined on the basis of the lower of (a) the rate applicable on the bank account, and (ii) the rate applicable pursuant to the relevant mortgage loan, as calculated, in a fixed amount, on the original final maturity date of the mortgage loan.

The Seller has adhered to the Convention sending to its clients a renegotiation proposal in accordance with the Convention. Borrowers eligible for the renegotiation who have received the renegotiation proposal can accept the proposal by way of a written notification to be sent not later than 28 November 2008 (the "**Final Adhesion Term**").

The renegotiation becomes effective on the third month following the date when such proposal has been accepted by the relevant client, with reference to the instalments which fall due after 1 January 2009.

The pieces of legislation referred to in each paragraph under the section headed "*Mortgage borrower protection*" above may have an adverse effect on the Portfolio and, in particular, on any cash flow projections concerning the Portfolio as well as on the over-collateralisation required in order to maintain the then current ratings of the OBG. However, as this legislation

is relatively new, as at the date of this Prospectus, the Issuer is not in a position to predict its impact.

3. Factors which are material for the purpose of assessing the market risks associated with OBG issued under the Programme

The OBG may not be a suitable investment for all investors

Each potential investor in the OBG must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the OBG, the merits and risks of investing in the OBG and the information contained or referred to in this Prospectus or any applicable supplement;

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the OBG, especially if the potential investor's currency is not the euro;

(iv) understand thoroughly the terms of the OBG and be familiar with the behaviour of any relevant indices and financial markets; and

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

Some OBG are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in OBG which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the OBG will perform under changing conditions, the resulting effects on the value of the OBG and the impact this investment will have on the potential investor's overall investment portfolio. Investors may lose some or all of their investment in the OBG.

Risks related to the structure of a particular issue of OBG

OBG issued under the Programme will either be fungible with an existing Series or have different terms to an existing Series (in which case they will constitute a new Series). All OBG issued from time to time will rank *pari passu* with each other in all respects and will share equally in the security granted by the OBG Guarantor under the OBG Guarantee. If an Issuer Event of Default and a Guarantor Event of Default occur and result in acceleration, all OBG of all Series or Tranche will accelerate at the same time.

A wide range of OBG may be issued under the Programme. A number of these OBG may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features.

OBG subject to optional redemption by the Issuer

An optional redemption feature of OBG is likely to limit their market value. During any period when the Issuer may elect to redeem OBG, the market value of those OBG generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem OBG when its cost of borrowing is lower than the interest rate on the OBG. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the OBG being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Zero Coupon OBG

The Issuer may issue OBG which do not pay current interest but are issued at a discount from their nominal value or premium from their principal amount. Such OBG are characterised by the circumstance that the relevant OBG holders, instead of benefitting from periodical interest payments, shall be granted an interest income consisting in the difference between the redemption price and the issue price, which difference shall reflect the market interest rate. A holder of a zero coupon OBG is exposed to the risk that the price of such bond falls as a result of changes in the market interest rate. Prices of zero coupon OBG are more volatile than prices of fixed rate OBG and are likely to respond to a greater degree to market interest rate changes than interest bearing OBG with a similar maturity. Generally, the longer the remaining terms of such OBG, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate OBG with a multiplier or other leverage factor

OBG with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps, floors or collars (or any combination of those features or other similar related features), their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate OBG

Fixed/Floating Rate OBG may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the OBG since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate OBG may be less favourable than then prevailing spreads on comparable Floating Rate OBG tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other OBG. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its OBG.

OBG issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to OBG generally

Set out below is a brief description of certain risks relating to the OBG generally.

Certain decisions of OBG Holders taken at Programme level

Any Programme Resolution to direct the Representative of the OBG Holders to serve a Notice to Pay or a Guarantor Acceleration Notice, and any direction to the Representative of the OBG Holders to take any enforcement action must be passed at a single meeting of the holders of all OBG of all Series then outstanding as set out in the Rules of the Organisation of OBG Holders attached to the Conditions as Schedule 1 and cannot be decided upon at a meeting of OBG Holders of a single Series or Tranche. A Programme Resolution will be binding on all OBG Holders including OBG Holders who did not attend and vote at the relevant meeting and OBG Holders who voted in a manner contrary to the majority.

The Representative of the OBG Holders may agree to modifications to the Transaction Documents without the OBG Holders' or other Secured Creditors' (as defined below) prior consent.

The Representative of the OBG Holders may, without the consent or sanction of any of the OBG Holders or any of the other Secured Creditors, concur with the Issuer and/or the OBG Guarantor and any relevant parties in making any modification as follows:

(i) to the Conditions and/or the other Transaction Documents which in the opinion of the Representative of the OBG Holders may be expedient to make provided that the Representative of the OBG Holders is of the opinion that such modification will be proper to make and will not be materially prejudicial to the interests of any of the OBG Holders of any Series or Tranche;

(ii) to the Conditions or the other Transaction Documents which is of a formal, minor or technical nature or, which in the opinion of the Representative of the OBG Holders is to correct a manifest error or an error established as such to the satisfaction of the Representative of the OBG Holders or for the purpose of clarification; and

(iii) to the Conditions or the other Transaction Documents which is necessary to comply with mandatory provisions of law and regulation or a change of the OBG Regulations or any guidelines issued by the Bank of Italy in respect thereof.

The transaction documents provide that under certain circumstances (e.g. changes in the portfolio composition, changes in laws or in general interpretation of laws, amendments to the eligibility criteria, etc.) certain provisions of the Transaction Documents may be amended without the prior approval of the Representative of the OBG Holders and/or of the OBG

Holders. For further details please refer to "*Limited description of the Portfolio*" in this Section and the "*Description of the Transaction Documents*".

Controls over the transaction

The BoI OBG Regulations require that certain controls be performed by the Issuer (also in its capacity as Seller) (see "*Selected aspects of Italian law - Controls over the transaction*" below), aimed, *inter alia*, at mitigating the risk that any obligation of the Issuer or the OBG Guarantor under the OBG is not complied with. Whilst the Issuer (also in its capacity as Seller) believes it has implemented the appropriate policies and controls in compliance with the relevant requirements, investors should note that there is no assurance that such compliance ensures that the aforesaid payment obligations are actually performed and that any failure to properly implement the relevant policies and controls could have an adverse effect on the Issuers' or the OBG Guarantor's ability to perform their obligations under the OBG.

Limits to the Integration

Under the BoI OBG Regulations, the Integration (as defined below), whether through Assets or through Integration Assets shall be carried out in accordance with the modalities, and subject to the limits, set out in the BoI OBG Regulations (see "*Selected aspects of Italian law - Tests set out in the MEF Decree*").

More specifically, under the BoI OBG Regulations, the Integration is allowed exclusively for the purpose of (a) complying with the Mandatory Tests (as defined below); (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant agreements or (c) complying with the 15 per cent. maximum amount of Integration Assets within the Portfolio.

Investors should note that the Integration is not allowed in circumstances other than as set out in the BoI OBG Regulations and specified above.

Tax consequences of holding the OBG

Potential investors should consider the tax consequences of investing in the OBG and consult their tax adviser about their own tax situation.

Prospectus to be read together with applicable Final Terms

The terms and conditions of the OBG apply to the different types of OBG which may be issued under the Programme. The full terms and conditions applicable to each Series or Tranche of OBG can be reviewed by reading the Conditions as set out in full in this Prospectus, which constitute the basis of all OBG to be offered under the Programme, together with the applicable Final Terms which applies and/or disapplies and/or completes the generally applicable Conditions of the OBG in the manner required to reflect the particular terms and conditions applicable to the relevant Series of OBG (or Tranche thereof).

Liability to make payments when due on the OBG

The Issuer is liable to make payments when due on the OBG. The obligations of the Issuer under the OBG are direct, unsecured, unconditional and unsubordinated obligations, ranking

pari passu without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Consequently, any claim directly against the Issuer in respect of the OBG will not benefit from any security or other preferential arrangement granted by the Issuer. The OBG Guarantor has no obligation to pay the Guaranteed Amounts payable under the OBG Guarantee until the service on the OBG Guarantor of a Notice to Pay. Failure by the OBG Guarantor to pay amounts due under the OBG Guarantee in respect of any Series or Tranche would constitute a Guarantor Event of Default which would entitle the Representative of the OBG Holders to serve a Guarantor Acceleration Notice and accelerate the obligations of the OBG Guarantor under the OBG Guarantee and entitle the Representative of the OBG Holders to enforce the OBG Guarantee.

The OBG will not represent an obligation or be the responsibility of any of the Dealers, the Representative of the OBG Holders or any other party to the Transaction Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and, upon service of a Notice to Pay, the OBG Guarantor. The Issuer and the OBG Guarantor will be liable solely in their corporate capacity for their obligations in respect of the OBG and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

Secondary Market

OBG may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their OBG easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for OBG that are especially sensitive to interest rate or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of OBG generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of OBG. In addition, OBG issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such OBG may be adversely affected. In an illiquid market, an investor might not be able to sell his OBG at any time at fair market prices. The possibility to sell the OBG might additionally be restricted by country specific reasons.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the OBG in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to

devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the OBG, (2) the Investor's Currency equivalent value of the principal payable on the OBG and (3) the Investor's Currency equivalent market value of the OBG. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate OBG involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate OBG.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the OBG. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the OBG. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The ratings assigned to the OBG address the expectation of timely payment of interest and principal on the OBG on or before any payment date falling one year after the Maturity Date.

According to Moody's, the ratings assigned to the OBG may address:

(i) the likelihood of full and timely payment to OBG Holders of all payments of interest on each Guarantor Payment Date; and

(ii) the likelihood of ultimate payment of principal in relation to OBG on (a) the Maturity Date thereof or (b) if the OBG are subject to an Extended Maturity Date in respect of the OBG in accordance with the applicable Final Terms, the Extended Maturity Date thereof.

The ratings that may be assigned by Moody's incorporate both an indication of the probability of default and of the recovery given a default of the relevant OBG.

The expected ratings of the OBG are set out in the relevant Final Terms for each Series of OBG. Whether or not a rating in relation to any OBG will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

The Rating Agency may lower its rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the OBG has declined or is in question. If any rating assigned to the OBG is lowered or withdrawn, the market value of the OBG may reduce.

Furthermore, in accordance with the current rating criteria of the Rating Agency, the rating of the OBG may be linked, under certain circumstances, to the then current rating of the Issuer.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. A credit rating

may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the OBG.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registed under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU- registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The return on an investment in OBG will be affected by charges incurred by investors

An investor's total return on an investment in any OBG will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of OBG, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant OBG.

Automatic Exchange of Information

EU member states are required to implement an automatic exchange of information as provided for by Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**DAC**") effective as from 1 January 2016 (and in the case of Austria as from 1 January 2017). In this context, in order to eliminate an overlap with the DAC, Council Directive 2003/48/EC (the "**EU Savings Directive**") was repealed on 10 November 2015 by the Council of the European Union. The range of payments to be automatically reported under the DAC is broader than the scope of the automatic information previously foreseen by the EU Savings Directive.

Investors should consult their professional tax advisers.

Change of law

The structure of the Programme and, *inter alia,* the issue of the OBG and the ratings assigned to the OBG are based on Italian law, tax and administrative practice in effect at the date of this Prospectus, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice or its interpretation will not change after the Issue Date of any Series or Tranche or that such change will not adversely impact the structure of the Programme and the treatment of the OBG. This Prospectus will not be updated to reflect any such changes or events.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should

consult its legal advisers to determine whether and to what extent (1) OBG are legal investments for it, (2) OBG can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any OBG. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of OBG under any applicable risk-based capital or similar rules.

U.S. Foreign Account Tax Compliance *Withholding*

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the OBGs are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made on or after 1 January 2019 in respect of (i) any OBGs issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register and (ii) any OBGs that are treated as equity for U.S. federal tax purposes, whenever issued. Under existing guidance, this withholding tax may be triggered on payments on the OBGs if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA, including any accompanying U.S. regulations or guidance) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer is required to withhold on "foreign passthru payments", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such OBGs is made is not a Participating FFI or otherwise exempt from FATCA withholding.

In order to improve international tax compliance and to implement FATCA, Italy entered into an intergovernmental agreement with the United States on 10 January 2014, ratified by way of Law No. 95 on 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015. The Issuer is now required to report certain information on its U.S. account holders to the Italian Tax Authorities in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Italian law. However, it is not yet certain how the United States and Italy will address withholding on "foreign passthru payments" (which may include payments on the OBGs) or if such withholding will be required at all.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the OBGs as a result of FATCA, none of the Issuer, the OBG Guarantor, any paying agent or any other person would, pursuant to the terms and conditions of the OBGs be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive amounts that are less than expected.

EACH HOLDER OF OBGS SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

(1) Issuer's unaudited consolidated Interim Report as at 31 March 2017 (the "**March 2017 Financial Statements**");

(2) Issuer's unaudited consolidated Interim Report as at 31 March 2016 (the "**March 2016 Financial Statements**");

(3) audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2016 (the "**December 2016 Financial Statements**");

(4) audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2015 (the "**December 2015 Financial Statements**");

(5) Issuer's unaudited condensed interim consolidated financial statements (including review report) as of and for the six months ended 30 June 2016 (the "**June 2016 Financial Statements**");

(6) Issuer's current by-laws (*statuto*) (for information purposes only);

(7) the base prospectus dated 10 November 2015 relating to the UniCredit S.p.A. "€ 25,000,000,000 Obbligazioni Bancarie Garantite Programme" (the "**2015 OBG 2 Programme Prospectus**");

(8) OBG Guarantor annual financial statements (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2016 (the "**Guarantor 2016 Financial Statements**");

(9) OBG Guarantor annual financial statements (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2015 (the "**Guarantor 2015 Financial Statements**"); and

(10) the Press Release of UniCredit dated 15 May 2017 regarding the issuance of Additional Tier 1 Notes by UniCredit (the "**15 May 2017 Press Release**").

Such documents have been previously published or are published simultaneously with this Prospectus and have been filed with the CSSF. Such documents shall be incorporated by reference in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of all documents incorporated herein by reference may be obtained without charge at the head office of the Issuer and the Luxembourg Listing Agent and may be obtained via the

internet at the websites of the Issuer (*www.unicreditgroup.eu*) (section "*Investors*") and the Luxembourg Stock Exchange (*www.bourse.lu*). Written or oral requests for such documents should be directed to the specified office of the Luxembourg Listing Agent.

The table below sets out the relevant page references for (i) the Issuer's unaudited consolidated Interim Report as at 31 March 2017; (ii) the Issuer's unaudited consolidated Interim Report as at 31 March 2016; (iii) the audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2016; (iv) the audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2015; (v) the Issuer's unaudited condensed interim consolidated financial statements (including review report) as of and for the six months ended 30 June 2016; (vi) the Issuer's current by-laws (*statuto*); (vii) the 2015 OBG 2 Programme Prospectus; (viii) the OBG Guarantor's audited annual financial statements (including the auditors' report thereon and notes thereto) as of and for the financial year ended 31 December 2016; (ix) the OBG Guarantor's audited annual financial statements (including the auditors' report thereon and notes thereto) as of and for the financial year ended 31 December 2015 and (x) the 15 May 2017 Press Release.

Issuer's unaudited consolidated Interim Report as at 31 March 2017

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	Group Results	p. 1-8
	Divisional Quaterly Highlights	p. 9-15
	UniCredit Group: Reclassified Income Statement	p. 16
	UniCredit Group: Reclassified Balance Sheet	p. 17
	Other UniCredit Group Tables (Unicredit Group: Shareholders' Equity, UniCredit Group: Staff and Branches, UniCredit Group: Ratings, UniCredit Group: Sovereign Debt Securities – Breakdown by Country/Portfolio, UniCredit Group: Sovereign Loans – Breakdown by Country)	p. 18-20
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Issuer's unaudited consolidated Interim Report as at 31 March 2016

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	Group Results	p. 1-9
	UniCredit Group: Reclassified Income Statement	p. 10
	UniCredit Group: Reclassified Balance Sheet	p. 11
	Other UniCredit Group Tables (Core Bank: Reclassified Income Statement, Non-Core: Reclassified Income Statement, UniCredit Group: Shareholders' Equity, UniCredit Group: Staff and Branches, UniCredit Group: Ratings, UniCredit Group: Loans to Customer – Asset Quality, UniCredit Group: Sovereign Loans – Breakdown by Country, UniCredit Group: Sovereign Debt Securities – Breakdown by Country/Portfolio)	p. 12-17
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Audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2016

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Audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2016		
	Report on Operations	p. 23-61
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	Consolidated Cash Flows Statement	p. 92-93
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Audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2015

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	Certification	557-560
	Report of External Auditors	561-563

Issuer's unaudited condensed interim consolidated financial statements (including review report) as of and for the six months ended 30 June 2016

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Issuer's unaudited condensed interim consolidated financial statements (including review report) as of and for the six months ended 30 June 2016		
	Consolidated Interim Report on Operations	11-41
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Current by-laws (*statuto*) of the Issuer

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By-laws (*statuto*)	Entire document	All pages

2015 OBG 2 Programme Prospectus

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Base prospectus dated 10 November 2015 relating to the UniCredit S.p.A. "€ 25,000,000,000 Obbligazioni Bancarie Garantite Programme"		
	Terms and Conditions of the OBG	260-295
	Rules of the Organisation of the OBG Holders	296-316

Audited annual financial statements of the OBG Guarantor (including the auditors' report thereon and notes thereto) as of and for the financial year ended 31 December 2016

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Audited financial statements of the OBG Guarantor (including the auditors' report thereon and notes thereto) for the financial year ended 31 December 2016		
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Audited annual financial statements of the OBG Guarantor (including the auditors' report thereon and notes thereto) as of and for the financial year ended 31 December 2015

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Press Release of UniCredit dated 15 May 2017 regarding the issuance of Additional Tier 1 Notes by UniCredit

Documents	Information contained	Page
Press Release "*UniCredit prices Additional Tier 1 PerpNC6 Notes (AT1) for EUR 1.25 billion*" dated 15 May 2017	Entire document	All pages

The information contained in the documents that is not included in the cross-reference list above is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) No. 809/2004 (as amended) implementing the Prospectus Directive, save that, for the 2015 OBG 2 Programme Prospectus, the information not listed is either not relevant for the investors or covered elsewhere in the Prospectus.

Any documents which are incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus and is either not relevant for the investor or it is covered elsewhere in this Prospectus.

The consolidated financial statements of the Issuer as at and for the year ended on 31 December 2015 and on 31 December 2016 have been audited by Deloitte & Touche S.p.A., in its capacity as independent auditor of the Issuer for the relevant financial year, as indicated in its reports thereon.

The financial statements referred to above have been prepared in accordance with the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as endorsed and adopted by the European Union under Regulation (EC) 1606/2002.

The OBG Guarantor annual financial statements as of and for the years ended, respectively, on 31 December 2015 and 31 December 2016 were prepared in accordance with the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and have been audited by Deloitte & Touche S.p.A., in its capacity as independent auditors of the OBG Guarantor, as indicated in its reports thereon.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, the Issuer will prepare and make available an appropriate supplement to this Prospectus which, in respect of any subsequent issue of OBG to be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a prospectus supplement as required by Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities.

Without prejudice to its statutory obligations, each of the Issuer and the OBG Guarantor has given an undertaking to the Dealer(s) that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any OBG and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the OBG Guarantor, and the rights attaching to the OBG, the Issuer shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the OBG and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

GENERAL DESCRIPTION OF THE PROGRAMME

This section constitutes a general description of the Programme for the purposes of article 22.5(3) of Commission Regulation (EC) No. 809/2004 (as amended) implementing the Prospectus Directive. As such the following overview does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus and, in relation to the terms and conditions of any Series or Tranche, the applicable Final Terms. Prospective purchasers of OBG should carefully read the information set out elsewhere in this Prospectus prior to making an investment decision in respect of the OBG. In this section, references to a numbered condition are to such condition in the section headed 'Terms and Conditions of the OBG' below.

Certain terms used in this section, but not defined, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is contained in the section headed "Index of Defined Terms" commencing on pag. 424.

1 The Principal Parties

Issuer	UniCredit S.p.A. (the "**Issuer**" or "**UniCredit**") is a bank organised and existing under the laws of the Republic of Italy, whose registered office is at Via A. Specchi 16, 00186, Rome, Italy, head office at Piazza Gae Aulenti, 3 Tower A, 20154 Milan, Italy with Fiscal Code, VAT number and registration number with the companies' register of Rome 00348170101 and registered with the Bank of Italy pursuant to Article 13 of Italian legislative decree No. 385 of 1 September 1993 (the "**Banking Law**") under number 02008.1, parent company of the "*Gruppo Bancario UniCredit*" registered with the register of banking groups held by the Bank of Italy pursuant to Article 64 of the Banking Law under number 02008.1 (the "**UniCredit Banking Group**" or the "**Group**" or the "**UniCredit Group**"), member of the *Fondo Interbancario di Tutela dei Depositi* and the *Fondo Nazionale di Garanzia*. See "*Description of the Issuer*", below.
OBG Guarantor	UniCredit OBG S.r.l. (the "**OBG Guarantor**") is a limited liability company incorporated in the Republic of Italy under Article *7-bis* of Italian law No. 130 of 30 April 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the "**Law 130**"). The OBG Guarantor is registered with the companies' register of Verona under number 04064320239. The registered office of the OBG

	Guarantor is at Piazzetta Monte, 1, I-37121 Verona, Italy and its tax identification number (*codice fiscale*) is 04064320239. The OBG Guarantor is subject to UniCredit S.p.A.'s management and coordination activity (*soggetta all'attività di direzione e coordinamento*) and belongs to the UniCredit Banking Group. The issued capital of the OBG Guarantor is equal to €10,000, 60 per cent. owned by UniCredit and 40 per cent. owned by SVM Securitisation Vehicles Management S.r.l. (the "**Shareholder**"), an Italian limited liability company (*società a responsabilità limitata*), with registered office at Via Alfieri, 1, I-31015 Conegliano (Treviso), Italy. See "*Description of the OBG Guarantor*", below.
Seller	UniCredit is the seller (in such capacity, the "**Seller**"). See "*Description of the Issuer*", below. Pursuant to the terms of a master transfer agreement dated 13 January 2012 as amended from time to time (the "**Master Transfer Agreement**") between the OBG Guarantor and the Seller, the Seller (a) sold an initial portfolio comprising Residential Mortgage Receivables (the "**Initial Portfolio**") to the OBG Guarantor and (b) agreed the terms upon which it may assign and transfer Assets and/or Integration Assets (in each case as defined below) satisfying the Criteria (as defined below) to the OBG Guarantor from time to time, on a revolving basis in the cases and subject to the limits referred to in section "*Creation and administration of the Portfolio*" below.
Subordinated Loan Provider	UniCredit is the subordinated loan provider (in such capacity, the "**Subordinated Loan Provider**") pursuant to the terms of a subordinated loan agreement dated 13 January 2012 as amended from time to time (the "**Subordinated Loan Agreement**") between the OBG Guarantor, the Representative of the OBG Holders and the Subordinated Loan Provider pursuant to which the Subordinated Loan Provider has agreed to grant to the OBG Guarantor a subordinated loan in an aggregate maximum amount, save for further increases which may determined unilaterally by the Subordinated Loan Provider,

	equal to € 25,000,000,000 (the "**Subordinated Loan**").
Dealers	UniCredit Bank AG is a German bank incorporated under German law as a public company limited by shares (*Aktiengesellschaft*), registered with the Commercial Register administered by the Local Court of Munich, Federal Republic of Germany at number HR B 421 48. It belongs to the UniCredit Banking Group and has its registered office at Kardinal-Faulhaber-Strasse 1, D-80333 Munich, Federal Republic of Germany. UniCredit Bank AG is the dealer ("**UniCredit Bank**"). The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranche, one or more Series, or in respect of the whole Programme.
Sole Arranger	UniCredit Bank AG, London Branch is registered as a foreign branch with the Companies House of England and Wales under number BR001757. UniCredit Bank AG, London Branch, acting through its offices at Moor House 120, London Wall, London EC2Y 5ET, United Kingdom, is the sole arranger (in such capacity, the "**Sole Arranger**").
Servicer	UniCredit (in such capacity, the "**Servicer**") will administer the Portfolio on behalf of the Issuer pursuant to the terms of a servicing agreement dated 13 January 2012, as amended from time to time, between the Issuer and the Servicer (the "**Servicing Agreement**").
Administrative Services Provider	doBank S.p.A. is a bank incorporated as a joint stock company (società per azioni) under the laws of the Republic of Italy, fiscal code 00390840239 and registration number with the companies' register CCIAA of Verona CCIAA/NREA: VR/19260 VAT number 02659940239, with registered office at Piazzetta Monte, 1, I-37121 Verona, Italy, registered with the register of Banking Groups (*Albo dei Gruppi Bancari*) under cod. 10639, and cod. ABI 10639, member of the *Fondo Interbancario di Tutela dei Depositi* ("**doBank**"). doBank is a company with a sole shareholder and is parent company of the doBank

	Banking Group S.p.A. doBank is a company with a sole shareholder and is directed and co-ordinated (*soggetta all'attività di direzione e coordinamento*) by UniCredit and belongs to the UniCredit Banking Group. doBank is the administrative services provider to the OBG Guarantor (the "**Administrative Services Provider**"). Pursuant to the terms of an administrative services agreement dated 13 January 2012 as amended from time to time (the "**Administrative Services Agreement**"), the Administrative Services Provider has agreed to provide certain administrative and secretarial services to the OBG Guarantor.
Portfolio Manager	The entity to be appointed under the Portfolio Administration Agreement (as defined below) in order to carry out certain activities in connection with the sale of the Assets or Integration Assets, following the occurrence of an Issuer Event of Default (as defined below) (the "**Portfolio Manager**").
Asset Monitor	BDO Italia S.p.A., is incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy, having its registered office at Viale Abruzzi, 94, 20131, Milan, Italy, fiscal code, VAT number and enrolment number with the companies' register of Milan no. 07722780967 and enrolled under number 167911 with the register of statutory auditors (*Registro Dei Revisori Legali*) maintained by the Minister of Economy and Finance, is the asset monitor under the Programme (the "**Asset Monitor**").
Cash Manager	UniCredit, or any other person for the time being acting as such, is the cash manager to the OBG Guarantor (in such capacity, the "**Cash Manager**") pursuant to the terms of a cash management and agency agreement dated 19 January 2012, as amended from time to time, between the Issuer, the OBG Guarantor, the Representative of the OBG Holders, the Calculation Agent, the Additional Calculation Agent, the Cash Manager, the Paying Agent and the Administrative Services Provider (the "**Cash Management and Agency Agreement**"). The Cash Manager will perform certain cash management functions on behalf of the OBG Guarantor. See "*General Description of the Programme — Description of the Transaction Documents*",

	"*Accounts and Cash Flows*", "*Description of the Transaction Documents*" and "*Description of the Issuer*", below.
Account Bank	UniCredit S.p.A., an Italian *società per azioni*, having its registered office at Via A. Specchi 16, 00186, Rome, Italy, head office at Piazza Gae Aulenti, 3 Tower A, 20154 Milan, Italy, registered with the companies' register held in Rome, Italy at number 00348170101, fiscal code and VAT number 00348170101, registered with the register of banks (*albo delle banche*) held by the bank of Italy at number 02008.1, or any other person for the time being acting as such, is the account bank to the OBG Guarantor in respect of certain of the OBG Guarantor's bank accounts (in such capacity, the "**Account Bank**") pursuant to the terms of the Cash Management and Agency Agreement. The Account Bank has opened, and will maintain, certain bank accounts in the name of the OBG Guarantor and will operate such accounts in the name and on behalf of the OBG Guarantor. See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*", "*Description of the Transaction Documents*" and "*Description of the Issuer*", below.
Calculation Agent	UniCredit Bank AG, acting through its London branch with offices at Moor House 120, London Wall, London EC2Y 5ET, United Kingdom, or any other person for the time being acting as such, is the calculation agent (in such capacity, the "**Calculation Agent**") pursuant to the terms of the Cash Management and Agency Agreement. See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*" and "*Description of the Transaction Documents - Description of the Cash Management and Agency Agreement*", below.
Additional Calculation Agent	Capital and Funding Solutions S.r.l. is a company incorporated as a limited liability company with sole quotaholder (*societá a responsabilita limitata uninominale*) organised under the laws of the Republic of Italy, registered with the companies' register held in Bergamo, Italy, at number

	03560990164, fiscal code 03560990164 and VAT number 03560990164 ("**Capital Solutions**"). Capital Solutions, or any other person for the time being acting as such, is the additional calculation agent (the "**Additional Calculation Agent**"). See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*" and "*Description of the Transaction Documents - Description of the Cash Management and Agency Agreement*", below.
Paying Agent	BNP Paribas Securities Services, a French *société en commandite par actions* with capital stock of €177,453,913, having its registered office at Rue d'Antin, Paris, France, operating for the purposes hereof through its Milan Branch located in Piazza Lina Bo Bardi, 3, I-20124 Milan, Italy, registered with the companies' register held in Milan, Italy at number 13449250151, fiscal code and VAT number 13449250151, registered with the register of banks (*albo delle banche*) held by the bank of Italy at number 5483, or any other person for the time being acting as such, is the paying agent in respect of the OBG and on behalf of the Issuer (the "**Paying Agent**") pursuant to the terms of the Cash Management and Agency Agreement. The Paying Agent has opened, and will maintain the Payments Account, the Eligible Investments Account and the Securities Account (in each case as defined below) in the name of the OBG Guarantor and will operate such accounts in the name and on behalf of the OBG Guarantor. See "*General Description of the Programme — Description of the Transaction Documents*", "*Accounts and Cash Flows*" and "*Description of the Transaction Documents*", below.
Luxembourg Listing Agent	BNP Paribas Securities Services, Luxembourg Branch, a French *société en commandite par actions* with capital stock of €177,453,913, having its registered office at Rue d'Antin, Paris, France, operating for the purpose hereof through its Luxembourg Branch located in 60, avenue J.F. Kennedy, L-1855, Luxembourg, or any other person for the time being acting as such, is the Luxembourg listing agent (in such capacity, the "**Luxembourg**

	Listing Agent").
Representative of the OBG Holders	Securitisation Services S.p.A. is the representative of the holders of the OBG (the "**Representative of the OBG Holders**"). Securitisation Services S.p.A. is a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, with a share capital of €1,595,055.00 (fully paid-up), registered with the companies' register of Treviso under number 03546510268, fiscal code and VAT number 03546510268, registered with the general register (*elenco generale*) pursuant to Article 106 of the Banking Law under number 31816 and has its registered office at via Alfieri, 1, I-31015 Conegliano (Treviso), Italy, subject to the activity of management and coordination ("*attività di direzione e coordinamento*") of Banca Finanziaria Internazionale S.p.A.
Rating Agency	Moody's Investors Service ("**Moody's**" or the "**Rating Agency**"). Whether or not a rating in relation to any Tranche or Series of OBG will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. The credit ratings included or referred to in this Prospectus have been issued by Moody's, which is established in the European Union and registered under the CRA Regulation as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority ("**ESMA**") pursuant to the CRA Regulation (for more information please visit the ESMA webpage http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).
Additional Sellers	Any bank (each an "**Additional Seller**") other than the Seller which is a member of the UniCredit Banking Group that will sell Assets or Integration Assets (as defined below) to the OBG Guarantor, subject to satisfaction of certain conditions, and that, for such purpose, shall, *inter alia,* enter into a master transfer agreement, substantially in the form of the Master Transfer Agreement and shall, *inter alia*, accede the Intercreditor Agreement (which will be

	amended in order to take into account the granting of additional subordinated loans) and become a party to the Portfolio Administration Agreement.
Ownership or control relationships between the principal parties	As of the date of this Prospectus, no direct or indirect ownership or control relationships exist between the principal parties described above in this Section, other than the relationships existing between the Issuer (which, in the context of the Programme, acts also as Servicer, Seller, Subordinated Loan Provider and Cash Manager), the OBG Guarantor, the Sole Arranger, the Calculation Agent, the Dealer and the Administrative Services Provider, all of which belong to the UniCredit Banking Group. The entities belonging to the UniCredit Banking Group are subject to the direction and coordination *(direzione e coordinamento)* of the Issuer.

2 Key Features of the OBG and the Programme

Description	€25,000,000,000 OBG Programme.
Size	Up to €25,000,000,000 at any time in aggregate principal amount of OBG outstanding at any time (the "**Programme Limit**"). The Programme Limit may be increased in accordance with the terms of the Dealer Agreement.
Distribution	The OBG may be distributed on a syndicated or non-syndicated basis.
Issue Price	OBG of each Series or Tranche may be issued at an issue price which is at par or at a discount to, or premium over, par, as specified in the relevant Final Terms (in each case, the "**Issue Price**" for such Series or Tranche).
Form of OBG	The OBG may be issued in dematerialised form. The OBG issued in bearer form and in dematerialised form *(emesse in forma dematerializzata)* will be wholly and exclusively deposited with Monte Titoli in accordance with Article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in Article 83-*quater* of such legislative decree. The OBG will be held by Monte Titoli on behalf of the OBG Holders until redemption and cancellation for the account of each

	relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. The OBG will at all times be in book entry form and title to the OBG will be evidenced by book entries in accordance with: (i) the provisions of Article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended; and (ii) the regulation issued by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") on 22 February 2008, as subsequently amended. No physical document of title will be issued in respect of the OBG.
Currency of denomination	The OBG may only be denominated in Euro.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity not lower than 24 months.
Denominations	In accordance with the Conditions, and subject to the minimum denomination requirements specified below, OBG will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal or regulatory or central bank requirements and provided that each Series will have OBG of one denomination only.
Minimum Denomination	The minimum denomination of the OBG to be issued from the date hereof will be €100,000 and integral multiples of €1,000 in excess thereof or such other higher denomination as may be specified in the relevant Final Terms.
Issue Date	The date of issue of a Series or Tranche pursuant to and in accordance with the Dealer Agreement (in each case, the "**Issue Date**" in relation to such Series or Tranche). The relevant Issue Date of a Series or Tranche will be specified in the relevant Final Terms.
OBG Payment Date	The date specified as such in, or determined in accordance with the provisions of, the relevant Final Terms, provided however that each OBG Payment Date must also be a Guarantor Payment Date and subject in each case, to the extent provided in the relevant Final Terms, to adjustment

	in accordance with the applicable Business Day Convention (each such date, an "**OBG Payment Date**").
OBG Interest Period	Each period beginning on (and including) an Interest Commencement Date or, in respect of any OBG Interest Period other than the first OBG Interest Period of each Series or Tranche, any OBG Payment Date and ending on (but excluding) the next following OBG Payment Date, provided that the initial OBG Interest Period of the First Series or Tranche shall begin on (and include) the Initial Issue Date and end on (but exclude) the first OBG Payment Date ("**OBG Interest Period**"). "**Interest Commencement Date**" means, in relation to any Series or Tranche of OBG, the Issue Date of the relevant Series or Tranche of OBG or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.
Types of OBG	In accordance with the relevant Final Terms, the relevant Series or Tranche of OBG may be Fixed Rate OBG, Floating Rate OBG, Zero Coupon OBG or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. The relevant Series or Tranche of OBG may be OBG repayable in one or more instalments or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms. Each Series shall be comprised of Fixed Rate OBG only or Floating Rate OBG only or Zero Coupon OBG only as may be so specified in the relevant Final Terms. *Fixed Rate OBG:* fixed interest on the Fixed Rate OBG will be payable in arrear on such date or dates specified in the relevant Final Terms and as may be agreed between the Issuer and the relevant Dealers. Fixed interest will be calculated on the basis of such Day Count Fraction provided for in the Conditions and the relevant Final Terms. *Floating Rate OBG:* Floating Rate OBG will bear interest determined separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in euro governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or

(ii) by reference to LIBOR, LIBID, LIMEAN,CMS or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable Margin, in each case as provided for in the relevant Final Terms.

The applicable OBG Interest Periods will be specified in the relevant Final Terms.

The Margin (if any) relating to such floating rate OBG will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate OBG and will be specified in the relevant Final Terms.

Other provisions in relation to Floating Rate OBG: Floating Rate OBG may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate OBG in respect of each OBG Interest Period, as agreed prior to issue by the Issuer and the relevant Dealers, will be payable on each OBG Payment Date, and will be calculated on the basis of such Day Count Fraction provided for in the Conditions and the relevant Final Terms.

Zero Coupon OBG: Zero Coupon OBG may be issued and sold at their nominal value or at a discount and will not bear interest.

The issuance of certain types of OBG may require a prior amendment to the Transaction Documents by means of the written agreement among the relevant parties thereto and will not require the consent of the Representative of the OBG Holders or the approval of the OBG Holders.

Issuance in Series

OBG will be issued in series (each a "**Series**"), but on different terms from each other, subject to the terms set out in the relevant Final Terms in respect of such Series. OBG of different Series will not be fungible among themselves. Each Series may be

	issued in tranches (each a "**Tranche**") which will be identical in all respects, but having different issue dates, interest commencement dates and issue prices. The specific terms of each Tranche will be completed in the relevant Final Terms. The Issuer will issue OBG without the prior consent of the holders of any outstanding OBG but subject to certain conditions (See "*General Description of the Programme - Conditions Precedent to the Issuance of a new series of OBG*" below).
Final Terms	Specific final terms will be issued and published in accordance with the generally applicable terms and conditions of the OBG (the "**Conditions**") prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series only or Tranche only (as the case may be), completes the Conditions and the Prospectus and must be read in conjunction with the Conditions and the Prospectus (each a "**Final Terms**"). The terms and conditions applicable to any particular Series or Tranche of OBG are the Conditions as completed by the relevant Final Terms.
Interest on the OBG	Except for the Zero Coupon OBG, the OBG will be interest-bearing and interest will be calculated, on the relevant dates, on the Outstanding Principal Balance of the relevant OBG. Interest will be calculated on the basis of the relevant Day Count Fraction as provided for in the Conditions and in the relevant Final Terms. Interest may accrue on the OBG at a fixed rate or a floating rate and at such rate as may be so specified in the relevant Final Terms and the method of calculating interest may vary between the Issue Date and the Maturity Date of the relevant Series or Tranche. The length of the interest period for the OBG and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series or Tranche. OBG may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Final Terms.
Redemption of the OBG	The applicable Final Terms will indicate either (a) that the OBG cannot be redeemed prior to their

	stated maturity (other than in specified instalments, if applicable, or in other specified cases, e.g. taxation reasons, or Guarantor Events of Default), or (b) that such OBG will be redeemable at the option of the Issuer upon giving prior written notice to the Representative of OBG Holders on behalf of the holders of the OBG (the "**OBG Holders**") and in accordance with the provisions of Condition 8 *(Redemption and Purchase)* and of the relevant Final Terms, on a date or dates specified prior to such maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms) or (c) that such will be redeemable at the option of the OBG Holders in accordance with Condition 8(f). The relevant Final Terms will specify the basis for calculating the redemption amounts payable.
Redemption by instalments	The Final Terms issued in respect of each issue of OBG that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such OBG may be redeemed.
Optional Redemption	The Final Terms issued in respect of each issue of OBG will state whether such OBG may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the OBG Holders, and if so the terms applicable to such redemption.
Early redemption	Except as provided in "Optional Redemption" above, OBG will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Condition 8 *(Redemption and Purchase)*, below.
Tax gross up and redemption for taxation reasons	Subject to certain exceptions as provided for in Condition 10 *(Taxation),* payments in respect of the OBG to be made by the Issuer will be made without deduction for or on account of withholding taxes imposed by any tax jurisdiction, subject as provided in Condition 10 *(Taxation)*. In the event that any such withholding or deduction is made the Issuer will be required to pay additional amounts to cover the amounts so deducted. In such circumstances and provided that

	such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the OBG will be redeemable (in whole, but not in part) at the option of the Issuer. See Condition 8(c). The OBG Guarantor will not be liable to pay any additional amount due to taxation reasons in case an Issuer Event of Default (as defined below) has occurred.
Maturity Date	The final maturity date for each Series or Tranche (the "**Maturity Date**") will be specified in the relevant Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer. Unless previously redeemed as provided in Condition 8 *(Redemption and Purchase),* the OBG of each Series will be redeemed at their Outstanding Principal Balance on the relevant Maturity Date.
Extendable maturity and Pass-Through OBG	The obligations of the OBG Guarantor to pay all or (as applicable) part of the Final Redemption Amount (as defined below) payable on the Maturity Date will be deferred pursuant to Condition 8(b) *(Extension of maturity)* for a maximum period of 38 years following the applicable Maturity Date (the "**Extended Maturity Date**"). Such deferral will occur automatically in respect of any given Series if: (a) the Issuer fails to repay in whole or in part such Series on the applicable Maturity Date and a Notice to Pay has been served on the OBG Guarantor; and (b) the OBG Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of OBG as set out in the relevant Final Terms (the "**Final Redemption Amount**") on the Maturity Date, (each such Series, a "**Pass-Through OBG**").

In these circumstances, to the extent that the OBG Guarantor has sufficient Available Funds to pay in part - on the relevant Maturity Date - the Final Redemption Amount in respect of the relevant Series of OBG, the OBG Guarantor shall make partial payment of the relevant Final Redemption Amount in respect of the relevant Pass-Through OBG, in accordance with the Post-Issuer Event of Default Priority (as defined below), without any preference among the Pass-Through OBG and the other Series of OBG then outstanding.

Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date in respect of the relevant Pass-Trough OBG may be paid by the OBG Guarantor on any OBG Payment Date thereafter, up to (and including) the relevant Extended Maturity Date for such Pass-Through OBG.

The OBG Guarantor will be obliged to apply any Available Funds (i) towards redemption in full of all Pass-Through OBG and (ii) to make provisions towards accumulation up to an amount equal to the Required Redemption Amount for the Earliest Maturing OBG then outstanding in accordance with the Post-Issuer Event of Default Priority of Payment and the OBG Guarantor will also be obliged to use its best efforts to sell Selected Assets on a semi-annual basis in accordance with the provisions of the Portfolio Administration Agreement to enable it to redeem all Pass-Through OBG prior to the applicable Extended Maturity Date and to make provisions towards accumulation up to an amount equal to the Required Redemption Amount for the Earliest Maturing OBG then outstanding, provided that it can sell Selected Assets and consequently redeem the Pass-Through OBG subject to ensuring compliance with the Amortisation Test. Failure by the OBG Guarantor to sell Selected Assets in the Portfolio in accordance with the Portfolio Administration Agreement shall not constitute a

Guarantor Event of Default.

If:

(a) an Issuer Event of Default has occurred and a Notice to Pay has been served on the OBG Guarantor; and

(b) a breach of the Amortisation Test according to a Negative Report issued by the Calculation Agent as confirmed by the Asset Monitor Report has occurred and a Breach of the Amortisation Test Notice has been served on the OBG Guarantor,

then a Guarantor Event of Default shall occur and, subject to the service of a Guarantor Acceleration Notice on the OBG Guarantor, all Series of OBG then outstanding shall become immediately due and payable in accordance with the Post-Guarantor Event of Default Priority (as defined below) without any preference among the OBG then outstanding.

Status and ranking of the OBG

The OBG constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the OBG Holders will be collected by the OBG Guarantor on their behalf.

The OBG will be guaranteed by the OBG Guarantor pursuant to the terms of the OBG Guarantee (as defined below) with limited recourse to the Available Funds.

The OBG will rank *pari passu* and without any preference among themselves, except in respect of the applicable maturity of each Series or Tranche, and (save for any applicable statutory provisions) at least equally with all other present and future unsecured, unsubordinated obligations of the Issuer having the same maturity of each Series or

	Tranche of OBG, from time to time outstanding.
Limited recourse	In accordance with the legal framework established by Law 130 and the MEF Decree and with the terms and conditions of the relevant Transaction Documents (as defined below), the OBG Holders will have (i) recourse to the Issuer and (ii) limited recourse to the OBG Guarantor limited to the Available Funds. See "*Credit Structure*" below.
Conditions precedent to the issuance of OBG	The Issuer may at its option (but shall not be under any obligation to do so), on any date and without the prior consent of the holders of the OBG issued beforehand and of any other creditors of the OBG Guarantor or of the Issuer, issue further Series (or Tranches) of OBG other than the first Series, within the date that falls ten calendar years after the Initial Issue Date and subject to: (i) satisfaction of the Over-Collateralisation Test and of the Mandatory Tests, also taking into account the amount of OBG outstanding further to the relevant new issue of OBG; (ii) compliance with (a) the requirements of issuing/assigning banks *(Requisiti delle banche emittenti e/o cedenti;* see Section II, Para. 1 of the BoI OBG Regulations; the "**Conditions to the Issue**") and (b) the limits to the assignment of further Assets set forth in the BoI OBG Regulations *(Limiti alla cessione;* see Section II, Para. 2 of the BoI OBG Regulations; the "**Limits to the Assignment**"), if applicable; (iii) the corporate duration of the Issuer, or of any successor, has not expired; (iv) no Programme Suspension Period has occurred and is continuing; and (v) no OBG with an extension of the Maturity Date shorter than 38 years are outstanding. The payment obligations under the OBG issued under all Series shall be cross-collateralised by all the assets included in the Portfolio, through the OBG Guarantee (as defined below). See also "General description of the Programme - *Ranking and status of the OBG*", below.

Programme Termination Date

"**Programme Termination Date**" means the later of:

(i) the date that falls ten calendar years after the Initial Issue Date; and

(ii) the date on which all Series of OBG issued under the Programme have been fully redeemed.

Programme Suspension Period

During the period starting from the date on which a breach of the Over-Collateralisation Test or any of the Mandatory Tests has been ascertained through the delivery of (i) a Negative Report by the Calculation Agent and (ii) an Asset Monitor Report by the Asset Monitor and ending on the later of (1) the date on which such breach has been cured, (2) the tests are satisfied provided that no Issuer Event of Default (caused by an event other than a breach of any of the Mandatory Test or the Over-Collateralisation Test) has occurred and is continuing (each such period a "**Programme Suspension Period**"):

(a) no further payments of interest or repayment on principal to the Seller under the Subordinated Loan (as defined below) (or to any Additional Seller under the relevant additional subordinated loan, if applicable) shall be effected in accordance with the provisions of the relevant subordinated loan agreement and all cash owned by the OBG Guarantor shall be deposited on the relevant Accounts opened in the name of the OBG Guarantor with the Account Bank, according to the Transaction Documents, (until all OBG are fully repaid or an amount equal to the Required Redemption Amount for each OBG outstanding has been accumulated); and

(b) no more purchase price for further Assets and/or Integration Assets (as defined below) will be paid to the Seller (or to the Additional Seller, if applicable), other than through the drawdown of additional advances under the Subordinated Loan or the relevant additional subordinated loan granted by the Additional Seller (if any and as the case may be) but

	subject to the Limits to the Assignment; and (c) no more OBG may be issued.
Listing and admission to trading	Application has been made to the Luxembourg Stock Exchange for OBG to be issued under the Programme to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of OBG may be unlisted. The applicable Final Terms will state whether or not the relevant OBG are to be listed and, if so, on which stock exchange(s).
Settlement	Monte Titoli S.p.A.
Governing law	The OBG and any non-contractual obligations arising out of, or in connection with them, are governed by Italian law.
Ratings	Each Series or Tranche issued under the Programme may be assigned a rating by Moody's or may be unrated as specified in the relevant Final Terms. Where a Tranche or Series of OBG is to be rated, such rating will not necessarily be the same as the rating assigned to the OBG already issued. Whether or not a rating in relation to any Tranche or Series of OBG will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. **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 credit rating agency.**
Selling restrictions	The offer, sale and delivery of the OBG and the distribution of offering material in certain jurisdictions including Italy, the United States of America, the United Kingdom shall be subject to the selling restrictions applicable in such countries. See "*Subscription and Sale*" below.

3 OBG Guarantee

Security for the OBG

In accordance with Law 130, pursuant to the OBG Guarantee, the OBG Holders will benefit from a guarantee issued by the OBG Guarantor over a portfolio of receivables transferred or to be transferred by the Seller and the Additional Sellers (if any), arising from some or all of the following assets:

(i) residential mortgage receivables, where the relevant amount outstanding, added to the principal amount outstanding of any previous mortgage loans secured by the same property, owed to the Seller (or to the Additional Sellers, as applicable), does not exceed 80 per cent. of the value of the mortgaged property (the "**Residential Mortgage Receivables**");

(ii) non residential mortgage receivables, where the relevant amount outstanding, added to the principal amount outstanding of any previous mortgage loans secured by the same property, owed to the Seller (or to the Additional Sellers, as applicable), does not exceed 60 per cent. of the value of the property (the "**Non-Residential Mortgage Receivables**" and, together with the Residential Mortgage Receivables, the "**Mortgage Receivables**");

(iii) securities satisfying the requirements set forth under Article 2, paragraph 1, letter c) of the MEF Decree (as defined below) (the "**Public Securities**"); and

(iv) asset backed securities issued in the framework of securitisations having the characteristics of article 2, para. 1, lett. d), of the MEF Decree whose underlying assets are comprised of Mortgage Receivables and provided that such asset backed securities comply with all the following: (a) the cash-flow generating assets backing the securitisation transactions securities meet the criteria laid down in Article 129(1)(d) to (f) of Regulation (EU) No 575/2013 in respect of securitisation transactions securities backing covered bonds,

(b) the cash-flow generating assets were originated by an entity closely linked to the issuer of the covered bonds, as described in Article 138 of the Guideline of the European Central Bank dated 19 December 2014 ((UE) 510/2015), (c) they are used as a technical tool to transfer mortgages or guaranteed real estate loans from the originating entity into the cover pool of the respective covered bond; and (d) the requirements provided by Circular n. 285 of 17 December 2013 of the Bank of Italy (Supervisory Guidelines for the Banks) (the "**ABS Securities**" and, together with the Mortgage Receivables and the Public Securities, the "**Assets**"), and, within certain limits, Integration Assets (as defined below). The Assets and the Integration Assets are jointly referred to as the "**Portfolio**").

Under the terms of the OBG Guarantee, following the service of a Notice to Pay (as defined below) on the OBG Guarantor as a result of the occurrence of an Issuer Event of Default (as defined below), the OBG Guarantor will be obliged to pay any amounts due under the OBG as and when the same were originally due for payment by the Issuer.

The obligations of the OBG Guarantor under the OBG Guarantee constitute an autonomous guarantee *(garanzia autonoma)* and certain provisions of the civil code relating to non-autonomous personal guarantees *(fidejussioni),* as specified in the MEF Decree, shall not apply. Accordingly, the obligations of the OBG Guarantor under the OBG Guarantee constitute direct, unconditional, unsubordinated obligations of the OBG Guarantor, limited recourse to the Available Funds, regardless of any invalidity, irregularity, genuiness or unenforceability of any of the guaranteed obligations of the Issuer.

Issuer Events of Default

Each of the following events with respect to the Issuer shall constitute an "**Issuer Event of Default**":

(i) default is made by the Issuer for a period of 7 days or more in the payment of any

principal or redemption amount, or for a period of 14 days or more in the payment of any interest on the OBG of any Series when due; or

(ii) the Issuer has incurred into a material default in the performance or observance of any of its obligations under or in respect of the OBG (of any Series outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the OBG) and (except where, in the opinion of the Representative of the OBG Holders, such default is not capable of remedy in which case no notice will be required), such default remains unremedied for 30 days after the Representative of the OBG Holders has given written notice thereof to the Issuer, certifying that such default is, in its opinion, materially prejudicial to the interests of the OBG Holders and specifying whether or not such default is capable of remedy; or

(iii) an Insolvency Event (as defined in the Conditions) occurs in respect of the Issuer; or

(iv) the Mandatory Tests or Over-Collateralisation Test have been breached and not cured within 1 month following the delivery by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor Report; or

(v) a resolution pursuant to Article 74 of the Banking Law is issued in respect of the Issuer.

If an Issuer Event of Default occurs:

(a) the Representative of the OBG Holders shall promptly serve a notice (the "**Notice to Pay**") on the OBG Guarantor declaring that an Issuer Event of Default has occurred and specifying, in case of the Issuer Event of Default referred to under paragraph (v) above, that the Issuer Event of Default may have temporary nature;

(b) after the service of a Notice to Pay, each Series of OBG will accelerate against the Issuer and

they will rank *pari passu* amongst themselves against the Issuer, provided that (i) such events shall not trigger an acceleration against the OBG Guarantor, (ii) in accordance with Article 4, Para. 3, of the MEF Decree, the OBG Guarantor shall be solely responsible for the exercise of the rights of the OBG Holders *vis-à-vis* the Issuer and (iii) in case of the Issuer Event of Default referred to under paragraph (v) above (x) the OBG Guarantor, in accordance with the MEF Decree, shall be responsible for the payments of the amounts due and payable under the OBG within the suspension period and (y) upon the end of the suspension period the Issuer shall be responsible for meeting the payment obligations under the OBG (and for the avoidance of doubt, the OBG then outstanding will not be deemed to be accelerated against the Issuer);

(c) after the service of a Notice to Pay, the OBG Guarantor will pay any amounts due under the OBG as and when the same were originally due for payment by the Issuer pursuant to the OBG Guarantee and in accordance with the originals terms and maturity set out in the Conditions and the relevant Final Terms;

(d) after the service of a Notice to Pay, no further payments to the Seller and/or the Additional Sellers (if any) under the Subordinated Loan and/or, as the case may be, the relevant subordinated loan shall be effected and, until all OBG are fully repaid or an amount equal to the Required Redemption Amount for each Series of OBG outstanding has been accumulated, any residual cash of the OBG Guarantor after making the payments or provisions provided for under items (i) to (iv) of the Post-Issuer Event of Default Priority shall be deposited on the Accounts;

(e) after the service of a Notice to Pay and until

all OBG are fully repaid or an amount equal to the Required Redemption Amount for each Series of OBG outstanding has been accumulated, no more purchase price for further Assets and/or Integration Assets (as defined below) will be paid to the Seller and/or the Additional Sellers (if any), other than through the drawdown of additional advances under the Subordinated Loan or, as the case may be, the relevant subordinated loan; and

(f) after the service of a Notice to Pay, no further Series of OBG may be issued.

Guarantor Events of Default

Following an Issuer Event of Default and the service of a Notice to Pay, each of the following events shall constitute a "**Guarantor Event of Default**":

(i) non payment of principal and interest in respect of the relevant Series of OBG in accordance with the OBG Guarantee, subject to an 8 days cure period in respect of principal or redemption amount and a 15 days cure period in respect of interest payment the OBG Guarantor; or

(ii) an Insolvency Event occurs in respect of the OBG Guarantor; or

(iii) a breach of the obligations of the OBG Guarantor under the Transaction Documents (other than (i) above) occurs which breach is incapable of remedy or, if in the opinion of the Representative of the OBG Holders capable of remedy, is not in the opinion of the Representative of the OBG Holders remedied within 30 days after notice of such breach shall have been given to the OBG Guarantor by the Representative of the OBG Holders; or

(iv) a breach of the Amortisation Test according to a Negative Report issued by the Calculation Agent as confirmed by the Asset Monitor Report.

If a Guarantor Event of Default occurs, the Representative of the OBG Holders:

(a) in cases under (i), (ii) and (iv) above, may but shall, if so directed by an Extraordinary Resolution (as defined in the Conditions) of the OBG Holders, and

(b) in case under (iii) above, shall, if so directed by an Extraordinary Resolution of the OBG Holders,

serve a notice on the OBG Guarantor (the "**Guarantor Acceleration Notice**") and all OBG will accelerate against the OBG Guarantor, becoming immediately due and payable, and they will rank *pari passu* amongst themselves.

"**Calculation Date**" means, in relation to a Guarantor Payment Date, the day falling 4 Business Days prior to such Guarantor Payment Date.

"**Guarantor Payment Date**" means (i) before the occurrence of an Issuer Event of Default, 31 January, 30 April, 31 July and 31 October of each year, (ii) following the occurrence of an Issuer Event of Default, the last day of each month starting from the calendar month immediately following the calendar month in which the Issuer Event of Default has occurred, subject in all instances to adjustment in accordance with the Modified Following Business Day Convention and (iii) following the occurrence of a Guarantor Event of Default, each Business Day.

Cross acceleration

If a Guarantor Event of Default has occurred, each OBG will accelerate at the same time against the OBG Guarantor, provided that the OBG does not otherwise contain a cross default provision and will thus not cross accelerate in case of an Issuer Event of Default.

Pre-Issuer Event of Default Interest Priority

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Interest Available Funds (as defined below) to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof: (a) any OBG

Guarantor's documented fees, costs, expenses and taxes to maintain it in good standing, to comply with applicable legislation and to preserve its corporate existence (the "**Expenses**"), to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period (as defined below) with respect to the outstanding Asset;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Additional Calculation Agent, the Paying Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to replenish the Reserve Account up to the Total Target Reserve Amount;

(iv) *fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount necessary to cover the amounts transferred from the Pre-Issuer Event of Default Principal Priority according to item (i) on any preceding Guarantor Payment Date and not paid yet;

(v) *fifth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the

case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vi) *sixth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vii) *seventh*, provided that a Programme Suspension Period is not continuing and after the repayment request made by the Subordinated Loan Provider under the Subordinated Loan (or additional subordinated loan provider, if any, under any additional subordinated loan), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or the relevant additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(viii) *eighth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Subordinated Loan Interest Amount due and payable under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment,

(the "**Pre-Issuer Event of Default Interest Priority**").

"**Target Expenses Amount**" means at each Guarantor Payment Date the amount of €50,000.

"**Total Target Reserve Amount**" means, on each Guarantor Payment Date, the sum of (A), (B) and (C),

where

A. is the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor;

B. is the amount of interest due and payable on the OBG on the immediately succeeding Guarantor Payment Date without double counting (A) above; and

C. is an amount equal to 0.50% of the Outstanding Principal Balance of the Portfolio as at the end of the immediately preceding Collection Period.

Pre-Issuer Event of Default Principal Priority

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Principal Available Funds (as defined below) to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable under items (i) and (ii) (other than any amount due according to (i) b)) of the Pre-Issuer Event of Default Interest Priority, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full;

(ii) *second,* provided that a Programme Suspension Period is not continuing, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay the purchase price of the Assets and Integration Assets offered for

sale by the Seller and/or by the Additional Seller (if any) in the context of a Revolving Assignment in accordance with the provisions of the Master Transfer Agreement; (b) if the payment of any such purchase price shall be deferred in accordance with the provisions of the Master Transfer Agreement, to credit to the Payment Account the Purchase Price Accumulation Amount; and (c) to pay any amount due and payable to the Seller and/or the Additional Seller (if any) in accordance with the provisions of the Master Transfer Agreement as purchase price of the Assets and Integration Assets offered for sale by the Seller and/or by the Additional Seller (if any) in the context of a Revolving Assignment to the extent not previously paid by using the funds credited to the Payment Account as Purchase Price Accumulation Amount on the immediately preceding Guarantor Payment Date;

(iii) *third,* if a Programme Suspension Period has occurred and is continuing, to deposit on the Principal Collection Account any residual Principal Available Funds until an amount up to the Required Redemption Amount of any Series of OBG outstanding has been accumulated;

(iv) *fourth,* provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (v) of the Pre-Issuer Event of Default Interest Priority;

(v) *fifth,* provided that a Programme Suspension Period is not continuing, to pay,

pari passu and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (vi) of the Pre-Issuer Event of Default Interest Priority;

(vi) *sixth,* provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), the amount due as principal redemption under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment,

(the "**Pre-Issuer Event of Default Principal Priority**").

On each Guarantor Payment Date the "**Interest Available Funds**" shall include ((a) any interest received from the Portfolio during the Collection Period immediately preceding such Guarantor Payment Date, (b) any interest amount received by the OBG Guarantor as remuneration of the Accounts during the Collection Period immediately preceding such Guarantor Payment Date, (c) any amount received as interest by the OBG Guarantor from any party to the Transaction Documents (other than amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date, (d) any amount deposited in the Reserve Account as at the

Calculation Date immediately preceding such Guarantor Payment Date (other than the amount already allocated under item (b)), (e) any amount deposited in the Interest Collection Account, as at the preceding Guarantor Payment Date, (f) the amount standing to the credit of the Expenses Account (other than amounts already allocated under item (b)) at the end of the Collection Period preceding such Guarantor Payment Date (which is not a Programme Termination Date), (g) any net interest amount or income from any Eligible Investments or of the Securities (without duplication with the Eligible Investments) liquidated at the immediately preceding Liquidation Date.

On each Guarantor Payment Date the "**Principal Available Funds**" shall include: (a) any principal payment received during the Collection Period immediately preceding such Guarantor Payment Date; (b) any principal amount received by the OBG Guarantor as reimbursement of the Eligible Investments liquidated on the immediately preceding Liquidation Date arising from investment made using principal collection; (c) any principal amount received by the OBG Guarantor from any party to the Transaction Documents (other than the amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date; (d) any amount standing to the credit of the Principal Collection Account (other than the amounts already allocated under item (a)) at the end of the Collection Period preceding such Guarantor Payment Date net of any interest accrued thereon; (e) the amount standing to the credit of the Expenses Account on the Programme Termination Date; (f) any principal amount arising out from the liquidation of Securities (without duplication with the (b) above) liquidated at the immediately preceding Liquidation Date arising from investment made using principal collection and (g) the positive difference (if any) between (1) the Purchase Price Accumulation Amount credited to the Payment Account on the

immediately preceding Guarantor Payment Date and (2) the monies paid to the Seller and/or the Additional Seller in the context of a Revolving Assignment, in accordance with the Master Transfer Agreement, during the period between the preceding Guarantor Payment Date and the immediately following Guarantor Payment Date, as consideration for the purchase of the New Portfolio by using the Purchase Price Accumulation Amount credited to the Payment Account on the immediately preceding Guarantor Payment Date.

"**Collection Period**" means (a) prior to the occurrence of a Guarantor Event of Default, any period between each Collection Date (included) and the following Collection Date (excluded), save for the first Collection Period, where the Collection Period is comprised between the Evaluation Date (included) in respect to the transfer of the first Portfolio and 1 April 2012 (excluded) and (b) after the occurrence of a Guarantor Event of Default, any period between two Business Days.

"**Collection Date**" means 1 January, 1 April, 1 July and 1 October of each year and, following an Issuer Event of Default, the first calendar day of each month.

"**Evaluation Date**" means (i) in respect of the Initial Portfolio the beginning of 1 January 2012 and (ii) in respect of any New Portfolio, the date indicated as such in the relevant offer for the transfer of New Portfolios.

"**Purchase Price Accumulation Amount**" means an amount equal to the Provisional Purchase Price of the New Portfolio as determined with reference to a New Portfolio under the relevant Offer of Transfer.

"**Provisional Purchase Price of the New Portfolio**" has the meaning ascribe to the expression "*Corrispettivo Provvisorio del Portafoglio Successivo*" under the Master Transfer Agreement.

Post-Issuer Event of Default Priority

On each Guarantor Payment Date, following the service of a Notice to Pay, but prior to the occurrence of a Guarantor Event of Default, the

OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) the Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, (b) all amounts due and payable to the Seller and/or by the Additional Seller (if any) or the party indicated by the Seller or the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset still owned by the OBG Guarantor;

(ii) *second,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Additional Calculation Agent, the Paying Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable as interest on the Pass-Through OBG and on the OBG on their relevant OBG Payment Dates;

(iv) *fourth,* to replenish the Reserve Account up to the Total Target Reserve Amount;

(v) *fifth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable as principal on the Pass-Through OBG and on the OBG on

their relevant OBG Payment Dates;

(vi) *sixth,* to deposit on the relevant OBG Guarantor's Accounts any residual amount until all Series of OBG outstanding have been repaid in full;

(vii) *seventh,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement;

(viii) *eighth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments);

(ix) *ninth,* after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated provider, if any), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any);

(x) *tenth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any);

(xi) *eleventh,* after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), to pay, *pari passu* and *pro rata* according to the respective amounts thereof,

any principal amount due under the Subordinated Loan (or additional subordinated loan, if any),

(the "**Post-Issuer Event of Default Priority**").

"**Available Funds**" shall include (a) the Interest Available Funds, (b) the Principal Available Funds and (c) following the occurrence of an Issuer Event of Default, the Excess Proceeds.

"**Excess Proceeds**" means the amounts received by the OBG Guarantor as a result of any enforcement taken against the Issuer in accordance with Article 4, Para. 3 of the MEF Decree.

"**Negative Carry Corrector**" means a percentage calculated by reference to the average margin payable on the outstanding Series of OBG weighted for the Principal Amount Outstanding of each outstanding Series of OBG plus 0.5 per cent.

"**Principal Amount Outstanding**" means, on any date in respect of any Series of OBG or, where applicable, in respect of all Series of OBG: the principal amount of such series or, where applicable, all such Series upon issue, *minus* the aggregate amount of all principal which as been repaid prior to such date in respect of such Series or, where applicable, all such Series.

"**Required Redemption Amount**" means in respect of any relevant Series or Tranche of OBG, the amount calculated as follows:

the Outstanding Principal Balance of the relevant Series or Tranche of OBG

Multiplied by

(1+(Negative Carry Corrector ***** (with respect to OBG which are not Pass-Through OBG, days to the Maturity Date of the relevant Series or Tranche of OBG/365 or, with respect to Pass-Through OBG, 31 days)).

Post-Guarantor Event of Default Priority

On each Guarantor Payment Date, following the service of a Guarantor Acceleration Notice, the OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in

full):

(i) *first,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) any Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset;

(ii) *second,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Additional Calculation Agent, the Paying Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any) and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third,* to pay, *pari passu* and *pro rata* any interest and principal amount due and payable on the Pass-Through OBG and on the OBG;

(iv) *fourth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement;

(v) *fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this

Programme (other than amounts already provided for in this Priority of Payments);

(vi) *sixth,* after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan Agreement (or additional subordinated loan agreement), to pay *pari passu and pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any);

(vii) *seventh,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any); and

(viii) *eighth,* to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due under the Subordinated Loan (or additional subordinated loan, if any),

(the "**Post-Guarantor Event of Default Priority**" and, together with the Pre-Issuer Event of Default Principal Priority, the Pre-Issuer Event of Default Interest Priority, the Post-Issuer Event of Default Priority, are collectively referred to as the "**Priority of Payments**").

4 Creation and administration of the Portfolio

Transfer of the Portfolio

Pursuant to the Master Transfer Agreement, the Seller (a) transferred to the OBG Guarantor the Initial Portfolio and (b) may assign and transfer Assets and/or Integration Assets satisfying the Criteria to the OBG Guarantor from time to time, on a revolving basis, in the cases and subject to the limits for the transfer of further Assets referred to below.

The purchase price in respect of the Initial Portfolio has been determined pursuant to the Master Transfer Agreement. Under the Master Transfer Agreement the relevant parties thereto

have acknowledged that the purchase price in respect of the Initial Portfolio shall be funded through the proceeds granted in accordance with the Subordinated Loan Agreement.

Pursuant to the Master Transfer Agreement, the OBG Guarantor shall acquire, further Assets or Integration Assets, as the case may be, in order to:

(a) collateralise and allow the issue of further series of OBG by the Issuer, subject to the Limits to the Assignment (the "**Issuance Collateralisation Assignment**"); and/or

(b) invest the Principal Available Funds through the purchase of further Assets or Integration Assets, provided that a Programme Suspension Period is not continuing (the "**Revolving Assignment**"); and/or

(c) comply with the Over-Collateralisation Test and the Mandatory Tests in accordance with the Portfolio Administration Agreement (the "**Integration Assignment**"), subject to the limits referred to in sub-section "*Integration Assets*" below.

The Assets and the Integration Assets will be assigned and transferred to the OBG Guarantor without recourse *(pro soluto)* in accordance with Law 130 and subject to the terms and conditions of the Master Transfer Agreement.

Pursuant to the Master Transfer Agreement, and subject to the conditions provided therein, the Seller has been granted with a call option and pre-emption right to repurchase Assets which have been assigned to the OBG Guarantor of the Assets forming part of the Portfolio.

Furthermore, the Seller has been granted by the OBG Guarantor with a wide power to renegotiate the terms and conditions of the Assets transferred pursuant to the Master Transfer Agreement.

Representations and Warranties of the Seller

Under the Warranty and Indemnity Agreement, the Seller has made certain representations and warranties regarding itself and the Assets including, *inter alia:*

(i) its status, capacity and authority to enter

into the Transaction Documents and assume the obligations expressed to be assumed by it therein;

(ii) the legality, validity, binding nature and enforceability of the obligations assumed by it;

(iii) the existence of the Assets, the absence of any lien attaching the Assets; subject to the applicable provisions of laws and of the relevant agreements, the full, unconditional, legal title of the Seller to the Initial Portfolio; and

(iv) the validity and enforceability, subject to the applicable provisions of laws and of the relevant agreements, against the relevant Debtors of the obligations from which the Initial Portfolio arises.

General Criteria

Each of the Mortgage Receivables comprised in the Portfolio shall comply with the following general criteria (the "**General Criteria**") as at the relevant Evaluation Date (to be deemed cumulative unless otherwise provided) (or at such other date specified below):

(i) mortgage loans in respect of which the ratio between loan's outstanding principal on the Evaluation Date and the value of the real estate upon which the guarantee has been created, calculated on the Execution Date or on the date of the apportionment (*frazionamento*) in case of loans arising from the apportionment (*frazionamento*) of a prior quota loan, is:

(a) equal to or lower than 80 per cent. in case of Residential Mortgage Loans, or

(b) equal to or lower than 60 per cent. in case of Commercial Mortgage Loans;

(ii) loans in respect of which the principal debtors (including further to a novation (*accollo liberatorio*) and/or apportionment (*frazionamento*)) are:

(a) in case of Residential Mortgage Loans, one or more individuals or one or more entities, of which at least one having his

residence in Italy or, as applicable, its corporate seat in Italy; or

(b) in case of Commercial Mortgage Loans, one or more entities, of which at least one having its corporate seat in Italy or one or more individuals in their capacity of entrepreneurs of which at least one having its residence in Italy;

(iii) loans secured by a mortgage on real estates located in Italy in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage is elapsed on the Evaluation Date or prior to it;

(iv) loans which are governed by Italian law;

(v) loans denominated in Euro (or originally disbursed in a different currency and subsequently re-denominated in Euro);

(vi) loans having at least one instalment (even an only interest one) fallen due and paid;

(vii) in case of Residential Mortgage Loans, loans whose residual tenor is not in excess of 30 years; or in case of Commercial Mortgage Loans, loans whose residual tenor is not in excess of 25 years.

The Portfolio does not include Mortgage Receivables arising from:

(i) loans granted to, or secured by, a public administration entity (*ente pubblico*)

(ii) loans granted to an ecclesiastic entity (*ente ecclesiastico*);

(iii) loans which were classified as agricultural credit (*mutui agrari*) pursuant to Article 43 of the Banking Law, as at the relevant Execution date.

The Mortgage Receivables to be comprised in the Portfolio shall comply also with the Specific Criteria in addition to the General Criteria.

"**Execution Date**" means the date on which the relevant loan agreement has been executed, without taking into account potential *accolli* or restructuring or *frazionamenti* that have been

executed after such date.

"**Commercial Mortgage Loans**" means those mortgage loans which, pursuant to the MEF Decree, are secured over a property destined to commercial or office use and located in an Eligible State.

"**Residential Mortgage Loans**" means those mortgage loans which, pursuant to the MEF Decree, are secured over a property destined to residential use and located in an Eligible State.

"**Specific Criteria**" means the criteria for the selection of the Mortgage Receivables to be included in the portfolios to which such criteria are applied, as set forth in annex 2 to the Master Transfer Agreement for the Initial Portfolio and in the relevant transfer agreement for sale of each further portfolio of Mortgage Receivables.

"**Criteria**" means jointly the General Criteria and the Specific Criteria.

Eligible Investments

The Cash Manager may invest funds standing to the credit of the Eligible Investment Account in Eligible Investments.

"**Eligible Investments**" means (i) Euro denominated Integration Assets, (ii) Public Securities, (iii) ABS Securities and (iv) any other instruments meeting the requirements set out under the laws and regulations applicable from time to time to the OBG, provided that such investments shall have

(I) a minimum short-term or long-term rating specified in column 2 of the table below corresponding to the category of the OBG as at the same day as specified in column 1 of the table below; and

(II) a remaining maturity date (where applicable) equal to the earlier of (i) the maturity reported in the applicable table and (ii) (a) either the Liquidation Date immediately preceding the OBG Payment Date of the Earliest Maturing Series or Tranche of OBG in case of Eligible Investments purchased with amounts deposited in the Principal Collection Account or (b) the Liquidation Date immediately preceding the next Guarantor Payment

Date in case of Eligible Investments purchased with amounts deposited in the Accounts (other than the Principal Collection Account).

Column 1	**Column 2**		
Category of the OBG	**Rating**		
Aaa	**Maturity of the investment**	**Long Term**	**Short Term**
	Equal or less than 30 days	A3	P-2
	Equal or less than 90 days	A2	P-1
	Equal or less than 180 days	A1	P-1
Aa1	**Maturity of the investment**	**Long Term**	**Short Term**
	Equal or less than 30 days	Baa1	P-2
	Equal or less than 90 days	A3	P-2
	Equal or less than 180 days	A2	P-1
Aa2	**Maturity of the investment**	**Long Term**	**Short Term**
	Equal or less than 30 days	Baa2	P-2
	Equal or less than 90 days	Baa1	P-2
	Equal or less than 180 days	A2	P-1
Aa3	**Maturity of the investment**	**Long Term**	**Short Term**
	Equal or less than 30 days	Baa3	P-3
	Equal or less than 90 days	Baa2	P-2
	Equal or less than 180 days	A3	P-2
Aa3	**Maturity of the investment**	**Long Term**	**Short Term**
	Equal or less	Baa3	P-3

	than 30 days		
	Equal or less than 90 days	Baa3	P-3
	Equal or less than 180 days	Baa1	P-2

Integration Assets

In accordance with the provisions of the MEF Decree and the BoI OBG Regulations, "**Integration Assets**" shall include:

(i) deposits with banks which qualify as Eligible Institutions residing in Eligible States; and

(ii) securities issued by banks which qualify as Eligible Institutions residing in Eligible States with residual maturity not longer than one year.

The integration of the Portfolio through Integration Assets shall be allowed within 15 per cent. of the aggregate Outstanding Principal Balance of the Eligible Portfolio (in accordance with section II, para. 3, of the BoI OBG Regulations) (such limit, the "**Limit to the Integration**"). The integration of the Portfolio (whether through Integration Assets or through Assets) shall be allowed exclusively for the purpose of complying with the Mandatory Tests and the Over-Collateralisation Test or for the purpose of complying with the Limit to the Integration or for the purpose of perfecting a Revolving Assignment.

"**Eligible Institutions**" means any banks in relation to which, on any given date, its long term unsecured, unsubordinated and unguaranteed debt obligations and its short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as the long-term rating and the short-term rating specified in column 2 of the table below corresponding to the category of the OBG as at the same day as specified in column 1 of the table below, provided however that if the OBG has been downgraded as a result of the downgrading of the relevant bank refernce must be made to the category of the OBG as specified in

column 1 of the table below immediately prior to such downgrade.

Column 1	Column 2
Category of OBG	**Long-term rating and short-term rating**
Aaa	A3 and P-1
Aa1	Baa1 and P-2
Aa2	Baa2 and P-2
Aa3	Baa3 and P-3
A1	Baa3 and P-3

"**Eligible States**" shall mean any States belonging to the European Economic Space, Switzerland and any other state attracting a zero per cent. risk weight factor under the "standard approach" provided for by the Basel II rules.

Mandatory Tests under the MEF Decree

In accordance with the provisions of the MEF Decree, for so long as the OBG remain outstanding, the Issuer (also in its capacity as Seller) shall procure on a continuing basis and on each Calculation Date or on any other date on which the verification of the Mandatory Tests is required pursuant to the Transaction Documents that:

(i) the Outstanding Principal Balance of the Eligible Portfolio (net of any amount standing to the credit of the Accounts other than the Principal Collection Account) from time to time owned by the OBG Guarantor shall be higher than or equal to the Outstanding Principal Balance of the OBG at the same time outstanding;

(ii) the Adjusted Net Present Value of the Eligible Portfolio shall be higher than or equal to the Present Value of the outstanding OBG;

(iii) the Expected Income shall be higher than or equal to the Expected Payments,

the tests above are jointly referred to as the "**Mandatory Tests**".

The compliance with the Mandatory Tests will be

	verified by (i) the Calculation Agent and subsequently checked by the Asset Monitor pursuant to the Asset Monitor Agreement; and (ii) the internal risk management functions of the UniCredit Banking Group (under the supervision of the management body of the Issuer). For a detailed description of the Mandatary Tests (including a description of the defined terms used herein) see "*Credit Structure - Mandatory Tests*" below.
Over-Collateralisation Test	For so long as the OBG remain outstanding, the Issuer (also in its capacity as Seller), the Additional Sellers (if any) shall procure on a continuing basis and on each OC Calculation Date that the OC Adjusted Eligible Portfolio shall be equal to or higher than the Outstanding Principal Balance of the OBG. "**OC Calculation Date**" means on any give date, (a) if no Negative Report is delivered by the Calculation Agent (or a Negative Report is delivered and the relevant breach has been cured), 4 (four) Business Days prior to each Guarantor Payment Date, or (b) if a Negative Report is delivered and until the relevant breach has been cured, 4 (four) Business Days before the end of each calendar month. "**Reconciliation Date**" means the last calendar day of each Collection Period or, fo so long a breach of any of the Tests is outstanding, the last calendar day of each calendar month. For a detailed description of the Mandatary Tests (including a description of the defined terms used herein) see "*Credit Structure – Over-Collateralisation Test*" below.
Breach of the Mandatory Tests or of the Over-Collateralisation Test	A breach of the Over-Collateralisation Test or of the Mandatory Tests shall constitute an Issuer Event of Default to the extent that such breach has not been cured within Mandatory Test Cure Period or the OC Cure Period, respectively. In order to cure the breach of the Mandatory Tests and/or the Over-Collateralisation Test, the Issuer (also in its capacity as Seller) and the Additional

	Sellers (if any) (a) shall sell or procure a third party to sell Assets or Integration Assets to the OBG Guarantor in accordance with the Master Transfer Agreement and the Portfolio Administration Agreement in an aggregate amount sufficient to ensure that the relevant Mandatory Tests and/or the Over-Collateralisation Test are satisfied as soon as practicable and in any event within the Mandatory Test Cure Period and/or OC Cure Period (as applicable) and, to this extent, (b) shall grant the funds necessary for payment of the purchase price of the assets mentioned above to the OBG Guarantor in accordance with the Subordinated Loan Agreement (or, in the case of the Additional Seller pursuant to the terms of a subordinated loan granted to the OBG Guarantor in accordance with the Portfolio Administration Agreement).
Role of the Asset Monitor	The Asset Monitor will, subject to receipt of the relevant information from the Calculation Agent, test the calculations performed by the Calculation Agent in respect of the Over-Collateralisation Test, the Mandatory Tests on a monthly basis and more frequently under certain circumstances. The Asset Monitor will also perform the other activities provided under the Asset Monitor Agreement. See "*Description of the Transaction Documents - Description of the Asset Monitor Agreement*" below.
Sale of Assets following the occurrence of an Issuer Event of Default	Following the delivery of a Notice to Pay (and prior to the occurrence of a Guarantor Event of Default), starting from the first Maturity Date on which any amount in respect of a Series remained unpaid and on any date falling six months thereafter until the day on which a Negative Report for breach of the Amortisation Test has been served on the OBG Guarantor (each such date, a "**Refinance Date**"), the OBG Guarantor shall (if necessary in order to effect payments under the Pass-Through OBG and the OBG which are not Pass-Through OBG, in such last case as originally scheduled in the relevant Final Terms, as determined by the Calculation Agent in consultation with the Portfolio Manager),

direct the Servicer or the Substitute Servicer (and the Portfolio Manager) to sell as soon as practicable all or part of the Selected Assets in accordance with the Portfolio Administration Agreement, and the proceeds realised in respect of any such sale shall be applied to (i) redeem the relevant Series of Pass-Through OBG in full and (ii) make provisions towards accumulation up to an amount equal to the Required Redemption Amount for the Earliest Maturing OBG then outstanding, in each case on any Guarantor Payment Date thereafter. Any such sale shall be subject to any pre-emption right of the Issuer (also as Seller) and any Additional Seller (if any) pursuant to the Master Transfer Agreement or any other Transaction Documents. The proceeds of any such sale shall be credited to the Principal Collection Account and invested in accordance with the terms of the Cash Management and Agency Agreement.

If the proceeds of such sale are insufficient to (i) redeem the relevant Series of Pass-Through OBG in full and (ii) make provisions towards accumulation up to an amount equal to the Required Redemption Amount for the Earliest Maturing OBG then outstanding, the OBG Guarantor shall direct the Servicer and the Portfolio Manager to repeat its attempt to sell the Selected Assets on the immediately following Refinance Date until the proceeds are sufficient to redeem the relevant Series of Pass-Through OBG in full and to make provisions towards accumulation up to an amount equal to the Required Redemption Amount for the Earliest Maturing OBG then outstanding.

See "*Description of the Transaction Documents - Description of the Portfolio Administration Agreement*" below.

5 Key Features of the Transaction Documents

Master Transfer Agreement

Pursuant to the Master Transfer Agreement, the Seller (a) transferred to the OBG Guarantor, without recourse (*pro soluto*) and in accordance with Law 130, the Initial Portfolio and (b) agreed the terms upon which it may assign and transfer

Assets and/or Integration Assets satisfying the Criteria to the OBG Guarantor from time to time, on a revolving basis, in the cases and subject to the limits for the transfer of further Assets described above. See "*Description of the Transaction Documents - Description of the Master Transfer Agreement*" below.

Warranty and Indemnity Agreement

On 13 January 2012, the Seller and the OBG Guarantor entered into a warranty and indemnity agreement (such agreement, as from time to time amended, the "**Warranty and Indemnity Agreement**"), pursuant to which, the Seller made certain representations and warranties in favour of the OBG Guarantor. See "*Description of the Transaction Documents - Description of the Warranty and Indemnity Agreement*" below.

Subordinated Loan Agreement

On 13 January 2012, the Seller and the OBG Guarantor entered into a subordinated loan agreement (such agreement, as from time to time amended, the "**Subordinated Loan Agreement**"), pursuant to which the Subordinated Loan Provider granted to the OBG Guarantor a subordinated loan (the "**Subordinated Loan**") with a maximum amount equal to € 25,000,000,000, save for further increases which may be granted unilaterally by the Subordinated Loan Provider. Under the provisions of such agreement, the Seller shall make advances to the OBG Guarantor in amounts equal to the relevant price of the Portfolios transferred from time to time to the OBG Guarantor, including the Integration Assets transferred in order to prevent a breach of the Over-Collateralisation Test or/and of the Mandatory Tests. The interest payable on the Subordinated Loan shall be an amount equal to the algebraic sum of:

(i) (+) the higher of (a) the amount of interest accrued on the Portfolio during the relevant Interest Period of the Subordinated Loan and (b) the Interest Available Funds;

(ii) (-) (a) the sum of any amount paid under items from (i) to (vii) of the Pre-Issuer Event of Default Interest Priority or (b) following the

	occurrence of an Issuer Event of Default and the service of a Notice to Pay, the sum of any amount paid under items from (i) to (viii) of the Post- Issuer Event of Default Priority or (c) following the occurrence of a Guarantor Event of Default, the sum of any amount paid under items from (i) to (vi) of the Post-Guarantor Event of Default Priority, such amount is referred to as the "**Subordinated Loan Interest Amount**". See "*Description of the Transaction Documents - Description of the Subordinated Loan*" below.
OBG Guarantee	On 19 January 2012 the OBG Guarantor issued a guarantee securing the payment obligations of the Issuer under the OBG (the "**OBG Guarantee**"), in accordance with the provisions of Law 130 and of the MEF Decree. See "*General Description of the Programme - OBG Guarantee*" and "*Description of the Transaction Documents - Description of the OBG Guarantee*" below.
Servicing Agreement and Collection Policies	Pursuant to the terms of the Servicing Agreement, the Servicer has agreed to administer and service the Portfolio, on behalf of the OBG Guarantor. For a description of the collection policies and procedures please see "*Description of the Transaction Documents -Description of the Servicing Agreement*" and "*Credit and Policies*" below.
Administrative Services Agreement	Pursuant to the terms of the Administrative Services Agreement, the Administrative Services Provider has agreed to provide the OBG Guarantor with a number of administrative services, including the keeping of the corporate books and of the accounting and tax registers. See "*Description of the Transaction Documents - Description of the Administrative Services Agreement*" below.
Intercreditor Agreement	Pursuant to the terms of an intercreditor agreement entered into on 19 January 2012, as amended from time to time, (the "**Intercreditor Agreement**") between the OBG Guarantor, the Representative of the OBG Holders (in its own capacity and as legal representative of the Organisation of the OBG

Holders), the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Administrative Services Provider, the Account Bank, the Paying Agent, the Cash Manager, the Asset Monitor, the Portfolio Manager, the Calculation Agent and the Additional Calculation Agent (collectively, with the exception of the OBG Guarantor, the "**Secured Creditors**"), the parties thereto agreed that all the Available Funds of the OBG Guarantor will be applied in or towards satisfaction of the OBG Guarantor's payment obligations towards the OBG Holders as well as the Secured Creditors, in accordance with the relevant Priority of Payments provided in the Intercreditor Agreement.

According to the Intercreditor Agreement, the Representative of the OBG Holders will, subject to a Guarantor Event of Default having occurred and a Guarantor Acceleration Notice having been served on the OBG Guarantor, ensure that all the Available Funds are applied in or towards satisfaction of the OBG Guarantee's payment obligations towards the OBG Holders as well as the Secured Creditors, in accordance with the Post-Guarantor Event of Default Priority provided in the Intercreditor Agreement.

The obligations owed by the OBG Guarantor to each of the OBG Holders and each of the Secured Creditors will be limited recourse obligations of the OBG Guarantor limited to the Available Funds. The OBG Holders and the Secured Creditors will have a claim against the OBG Guarantor only to the extent of the Available Funds, in each case subject to and as provided for in the Intercreditor Agreement and the other Transaction Documents. See "*Description of the Transaction Documents - Description of the Intercreditor Agreement*" below.

Cash Management and Agency Agreement

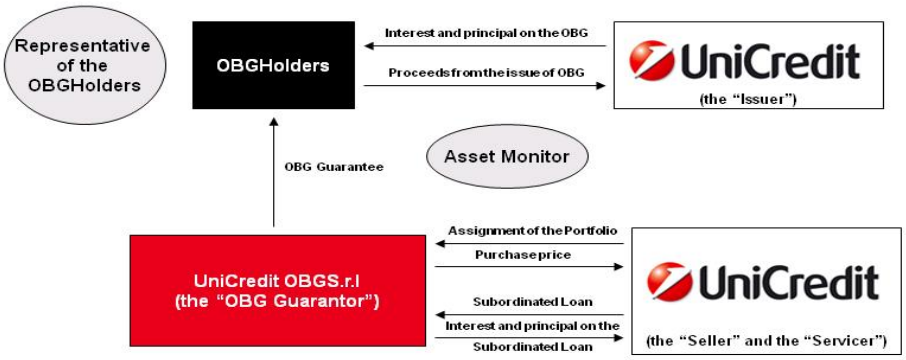
Pursuant to the terms of a cash management and agency agreement entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor, the Issuer, the Cash Manager, the Account Bank, the Paying Agent, the Servicer, the Administrative Services Provider, the

	Calculation Agent, the Additional Calculation Agent and the Representative of the OBG Holders (the "**Cash Management and Agency Agreement**"), the Account Bank, the Paying Agent, the Servicer, the Administrative Services Provider, the Calculation Agent and the Additional Calculation Agent will provide the OBG Guarantor with certain calculation, notification and reporting services together with account handling and cash management services in relation to moneys from time to time standing to the credit of the Accounts. See "*Description of the Transaction Documents - Description of the Cash Management and Agency Agreement*" below.
Asset Monitor Agreement	Pursuant to the terms of an asset monitor agreement entered into on 19 January 2012, as amended from time to time, between the Issuer, the Asset Monitor, the OBG Guarantor and the Representative of the OBG Holders (the "**Asset Monitor Agreement**"), the Asset Monitor will conduct independent tests in respect of the calculations performed for the Over-Collateralisation Test or the Mandatory Tests with a view to verifying the compliance by the OBG Guarantor with such tests. See "*Description of the Transaction Documents - Description of the Asset Monitor Agreement*" below.
Portfolio Administration Agreement	Pursuant to the terms of a portfolio administration agreement entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor, the Issuer, the Seller, the Representative of the OBG Holders, the Calculation Agent, the Cash Manager and the Asset Monitor (the "**Portfolio Administration Agreement**"), the Seller has, *inter alia,* undertaken to ensure on an on-going basis that the Mandatory Tests and the Over-Collateralisation Test are complied with and has assumed certain obligations to sell further Assets and/or Integration Assets upon the occurrence of certain events. See "*Description of the Transaction Documents - Description of the Portfolio Administration Agreement*" below.

Quotaholders' Agreement	Pursuant to the terms of a quotaholders' agreement entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor, the Seller, SVM and the Representative of the OBG Holders (the "**Quotaholders' Agreement**"), the quotaholders of the OBG Guarantor have assumed certain undertakings in relation to the management of the OBG Guarantor. In addition, pursuant to the Quotaholders' Agreement, SVM granted a call option in favour of the Seller to purchase from SVM and the Seller granted a put option in favour of SVM to sell to the Seller the quotas of the OBG Guarantor corporate capital held by SVM. See "*Description of the Transaction Documents - Description of the Quotaholders' Agreement*" below.
Deed of Pledge	Pursuant to the terms of a Italian law deed of pledge entered into on 19 January 2012 between, *inter alios*, the OBG Guarantor and the Representative of the OBG Holders (the "**Deed of Pledge**") the OBG Guarantor has pledged in favour of the OBG Holders and the other Secured Creditors all the monetary claims and rights and all the amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the OBG Guarantor is entitled pursuant to or in relation with the Transaction Documents (other than the Conditions and the Deed of Pledge), excluding the monetary claims and rights relating to the amounts standing to the credit of the Accounts and any other account established by the OBG Guarantor in accordance with the provisions of the Transaction Documents. See "*Description of the Transaction Documents - Description of the Deed of Pledge*" below.
Dealer Agreement	Pursuant to the terms of a dealer agreement entered into on 19 January 2012, as amended from time to time, between the Issuer, the Representative of OBG Holders and UniCredit Bank (the "**Dealer Agreement**"), the Issuer has appointed UniCredit Bank as Initial Dealer. The Dealer Agreement will contain, *inter alia,* provisions for the resignation or termination of appointment of existing Dealer(s) and

	for the appointment of additional or other dealers either generally in respect of the Programme or in relation to a particular Series. See "*Description of the Transaction Documents - Description of the Dealer Agreement*" below.
Subscription Agreement	The Dealer Agreement also contains a *pro forma* subscription agreement to be entered into in relation to OBG issued on a syndicated basis. On or prior to the relevant Issue Date, the Issuer, the Dealers who are parties to such subscription agreement (the "**Relevant Dealers**") and the Representative of the OBG Holders will enter into a subscription agreement (each a "**Subscription Agreement**"), under which the Relevant Dealers will agree to subscribe for the relevant Series or Tranche of OBG, subject to the conditions set out therein. See "*Description of the Transaction Documents - Description of the Subscription Agreement*" below.
Provisions of the Transaction Documents	The OBG Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all provisions of the Transaction Documents applicable to them. In particular, each OBG Holder, by reason of holding OBG, recognises the Representative of the OBG Holders as its representative and accepts to be bound by the terms of each of the Transaction Documents signed by the Representative of the OBG Holders as if such OBG Holder was a signatory thereto.

STRUCTURE DIAGRAM



DESCRIPTION OF THE ISSUER

Description of UniCredit and the UniCredit Group

UniCredit S.p.A. ("**UniCredit"**) established in Genoa, Italy by way of a private deed dated 28 April 1870 with a duration until 31 December 2100, is incorporated as a joint-stock company under Italian law, with its registered office at Via A. Specchi 16, 00186, Rome, Italy and is registered with the Company Register of Rome under registration number, fiscal code and VAT number 00348170101. UniCredit is registered with the National Register of Banks and is the parent company of the UniCredit Group. Stamp duty is paid virtually, if due, to - Auth. Agenzia delle Entrate, Ufficio di Roma 1, No. 143106/07 of 21 December 2007. UniCredit's head office and principal centre of business is at Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy, telephone number +39 028862 8715 (Investor Relations). The fully subscribed and paid-up share capital of UniCredit as at 8 June 2017 amounted to €20,880,549,801.81.

The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Legislative Decree No. 385 of 1 September 1993 as amended (the "**Italian Banking Act"**) under number 02008.1 (the "**Group**" or the "**UniCredit Group**") is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network, with 6,137 branches[3] and 96,423 full time equivalent employees (FTEs)[4] , to its extensive 25 million strong client franchise. UniCredit offers local expertise as well as international reach and accompanies and supports its clients globally, providing clients with access to leading banks in its 14 core markets, as well as other 18 countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Serbia and Turkey.

HISTORY

Formation of the Group

UniCredit (formerly Unicredito Italiano S.p.A.) and the UniCredit Group of which UniCredit is the parent are the result of the October 1998 business combination between the Credito Italiano national commercial banking group (established in 1870 with the name *Banca di Genova*) and UniCredito S.p.A. (at the time the holding company owning a controlling interest in *Banca CRT* (*Banca Cassa di Risparmio di Torino S.p.A.*), CRV (*Cassa di Risparmio di Verona Vicenza Belluno e Ancona Banca S.p.A.*) and Cassamarca (*Cassa di Risparmio della Marca Trivigiana S.p.A.*).

Since its formation, the Group has grown in Italy and Eastern Europe through both organic growth and acquisitions, consolidating its role in relevant sectors outside Europe(asset management in the United States) and strengthening its international network.

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[3] Number of branches at regulatory view.

[4] Group FTE are shown excluding Ukrsotsbank (sold in 4Q16), Pioneer,Bank Pekao, and Immo Holding that are classified under IFRS5 and Ocean Breeze and Group Koç/YapiKredi (Turkey).

Such expansion has been characterised, in particular:

- by the business combination with HypoVereinsbank, realised through a public tender offer launched in summer 2005 by UniCredit to acquire the control over Bayerische Hypo- und Vereinsbank AG ("**HVB**") – subsequently renamed UniCredit Bank AG – and its subsidiaries, such as Bank Austria Creditanstalt AG, subsequently renamed "UniCredit Bank Austria AG" ("**BA**" or "**Bank Austria**"). At the conclusion of the offer perfected during 2005, UniCredit acquired a shareholding for an amount equal to 93.93 per cent. of the registered share capital and voting rights of HVB. On 15 September 2008 the squeeze-out of HVB's minority shareholders, resolved upon by the bank's shareholders' meeting in June 2007, was registered with the Commercial Register of Munich. Therefore, the HVB shares held by the minority shareholders – equal to 4.55 per cent. of the share capital of the company – were transferred to UniCredit by operation of law and HVB became a UniCredit wholly-owned subsidiary. In summer 2005 UniCredit also conducted an exchange offer for the acquisition of all shares of BA not held by HVB at the time. At the conclusion of the offer, the Group held 94.98 per cent. of the aggregate share capital of BA. In January 2007, UniCredit, which at the time held 96.35 per cent. of the aggregate share capital of BA, including a stake equal to 77.53 per cent. transferred to UniCredit by HVB, resolved to commence the procedures to effect the squeeze-out of the minority shareholders of BA. As at the date of this Prospectus, UniCredit's interest in BA is equal to 99.996 per cent.; and
- by the business combination with Capitalia S.p.A. (**Capitalia**), the holding company of the Capitalia banking group (the **Capitalia Group**), realised through a merger by way of incorporation of Capitalia into UniCredit effective as of 1 October 2007.

In 2008 the squeeze outs[5] of the ordinary BA and HVB shares held by minority shareholders were completed.

Proceedings as to the adequacy of the squeeze-out price and in relation to the challenge to the relevant shareholders' resolutions promoted by certain BA and HVB shareholders are still pending. For more details please refer to the audited consolidated financial statements of UniCredit as at and for the year ended 31 December 2015 incorporated by reference herein.

UniCredit S.p.A. ordinary shares are listed on the Milan Stock Exchange organised and managed by Borsa Italiana S.p.A., on the Frankfurt Stock Exchange, segment General Standard, and on the Warsaw Stock Exchange.

THE CURRENT ORGANISATIONAL STRUCTURE

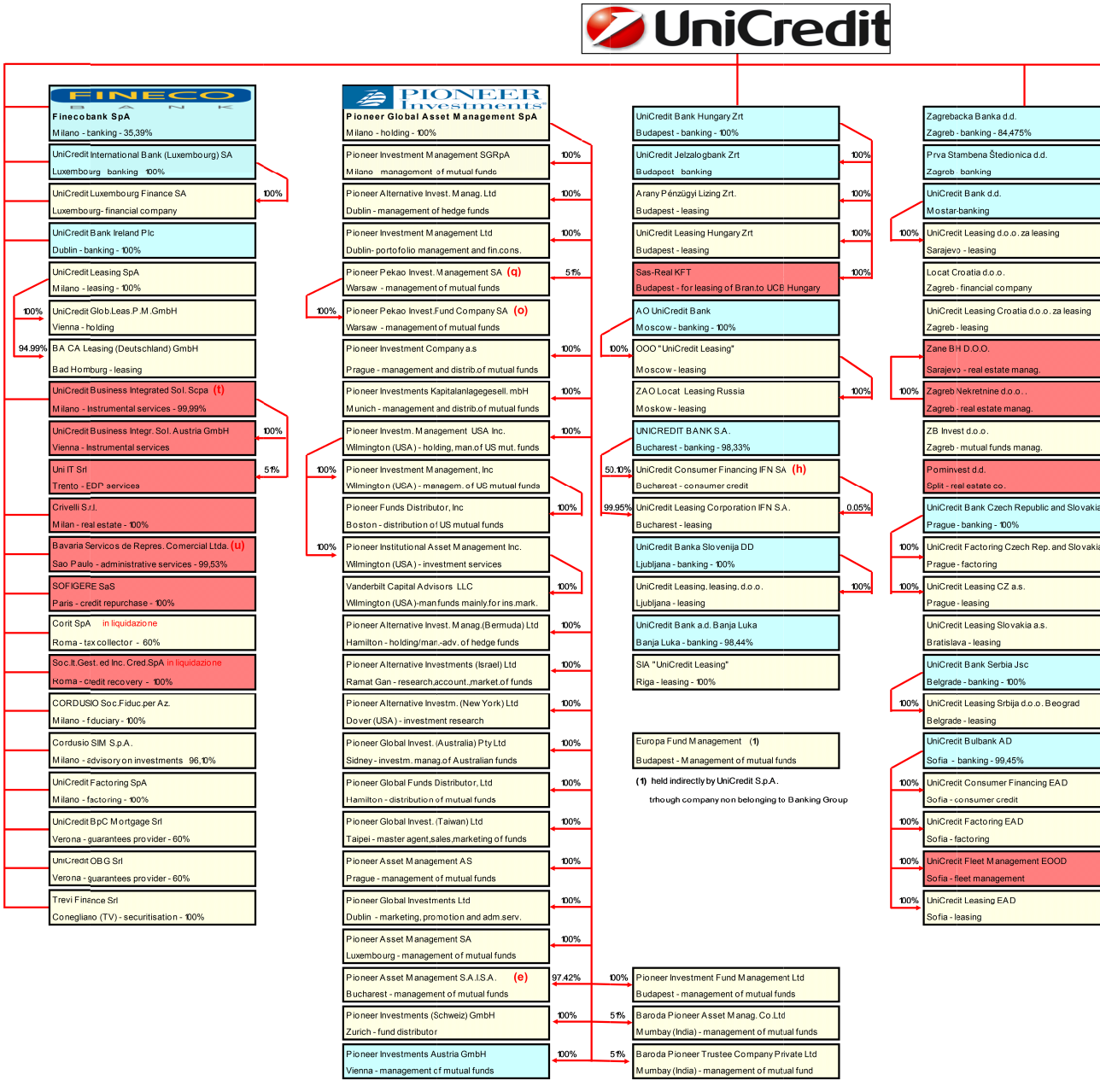
UniCredit is the parent company of the UniCredit Group and, in addition to banking activities, it carries out organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.

[5] The squeeze-out is the process whereby a pool of shareholders owning at a certain amount of a listed company's shares (in Germany 95 per cent. and in Austria 90 per cent.) exercises its right to "squeeze out" the remaining minority of shareholders from the company paying them an adequate compensation.

UniCredit, as a bank which undertakes management and co-ordination activities for the UniCredit Group, pursuant to Article 61 of the Italian Banking Act issues, when exercising the management and co-ordination activities, instructions to the other members of the banking group in respect of the fulfilment of the requirements laid down by the supervisory authorities in the interest of the banking group's stability.

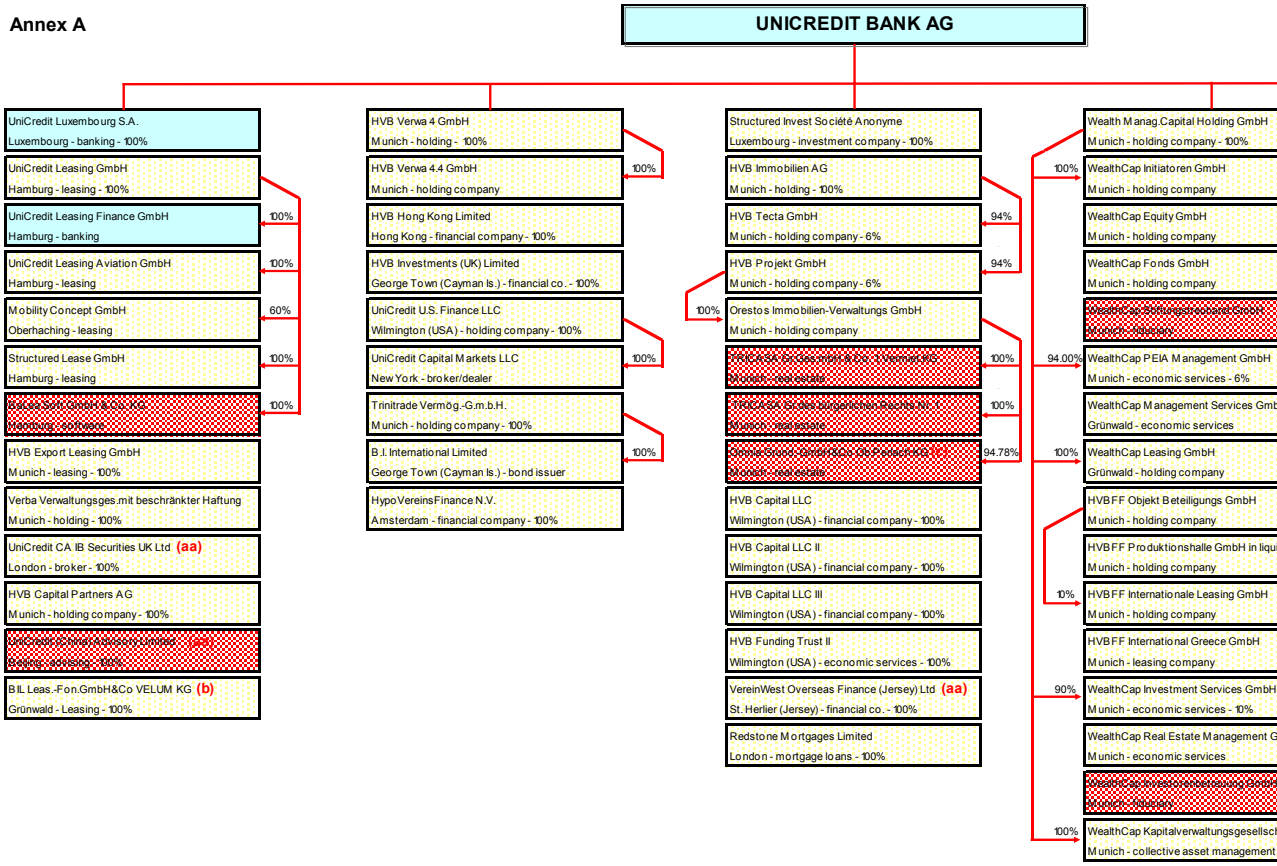
The following diagram illustrates the banking group companies as at 9 June 2017:

Banking Group (cod. 2008.1)



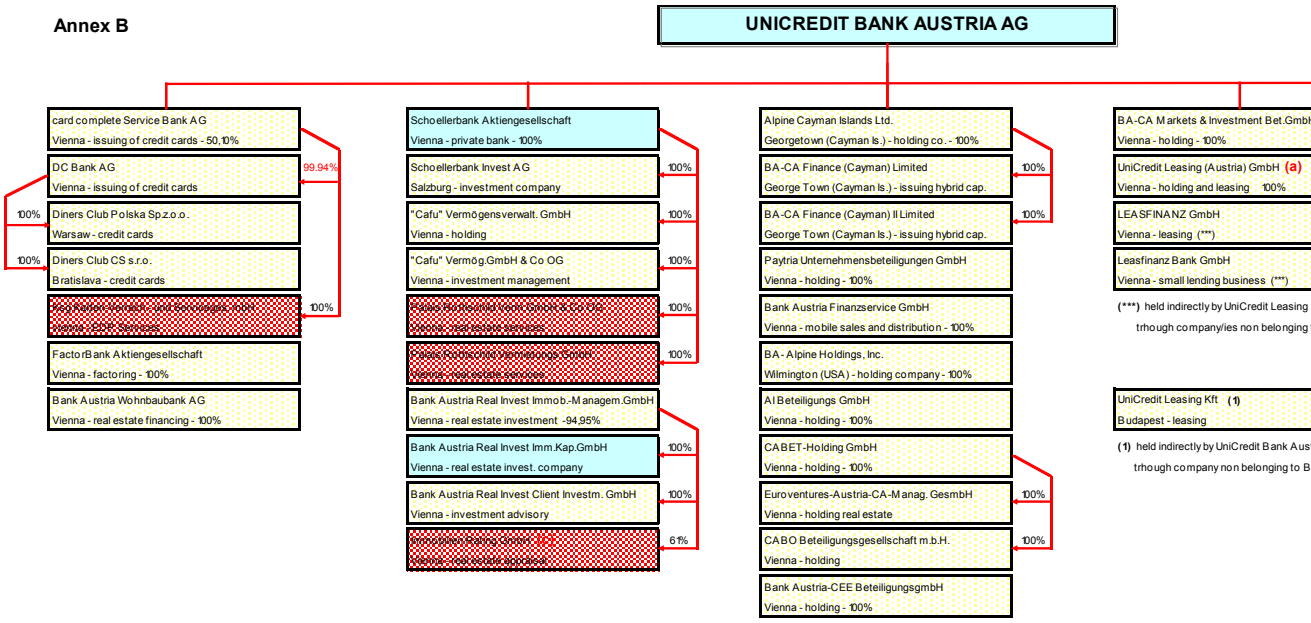
(e) 2,575% held by UNICREDIT BANK SA (h) 49,9% held by UniCredit SpA (o) in Polish: Pioneer Pekao TFI SA (q) 49% held by Bank Pekao SA (t) Other companies belonging to UniCredit Group and third p
shares of the company (u) 0,47% held by UniCredit (UK) Trust Services Ltd (aa) under liquidation process
(z) Requested to Bank of Italy the inclusion in the Banking Group

Annex A



(b) Voting rights held by UCB AG (33,33%) and by BIL Leasing-Fonds Verwaltungs GmbH (33,33%) (c) 5,22% held by WealthCap Leasing GmbH (aa) under liquidation process
(z) Requested to Bank of Italy the inclusion in the Banking Group

Annex B



(a) % considering shares held by other Companies controlled by BA (c) 19% held by BA and 19% held by UniCredit Leasing (Austria) GmbH
(z) Requested to Bank of Italy the inclusion in the Banking Group

STRATEGY OF THE GROUP

As the parent company of the Group, pursuant to the provisions of Article 61 of the Italian Banking Act and in compliance with local law and regulations, UniCredit undertakes management and coordination activities in respect of the Group to ensure the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability.

UniCredit engages in the following main strategic functions:

- managing the Group's business expansion by developing appropriate domestic and international business strategies and overseeing acquisitions, divestitures and restructuring initiatives;
- defining objectives and targets for each area of the business and monitoring performance against these benchmarks;
- defining the policies and standards relating to the Group's operations, particularly in the areas of credit management, human resources management, risk management, accounting, planning, legal and compliance, and auditing;
- managing relations with financial intermediaries, the general public and investors;
- managing selected operating activities directly or through specialised subsidiaries in order to achieve economies of scale, including asset and liability management, funding and treasury activities and the Group's foreign branches; and
- directly managing business operations in Italy from 1 November 2010, following absorption of the Group's Italian banks[6] pursuant to the "One for Clients Programme".

Furthermore, UniCredit intends to create value by pursuing the following principal strategic initiatives at the Group level, included in the Strategic Plan 2018

1. Acceleration of cost-cutting measures in staff and other administrative expenses as well as streamlining corporate centres, aimed at staff cuts of circa 18,200 FTEs by 2018;
2. Exit or restructuring of poorly performing businesses such as retail banking in Austria and leasing in Italy, on top of the ongoing rundown of the "Non Core Division";
3. Strong focus on the new digital agenda, underpinned by €1.2 billion in investments over the 2016-18 horizon, which will accelerate the Group's retail and corporate multi-channel transformation and create further discontinuity from traditional banking;
4. Becoming a simpler and more integrated Group, with the elimination of the Austrian sub-holding with direct shareholding control of CEE subsidiaries by UniCredit Holding (while preserving CEE Division know-how) by the end of 2016, strengthening central governing functions and focusing on commercial synergies between global platforms (CIB) and the Commercial Banks networks; and

[6] *UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank, UniCredit Bancassurance Management & Administration.*

5. Leverage on growth businesses in CEE Region, Asset Management and Asset Gathering, increasing capital allocation towards CEE whilst increasing and rebalancing the revenue stream towards capital-light businesses.

BUSINESS AREAS[7]

Brief descriptions of the business segments through which the UniCredit Group operates are provided below.

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit's commercial network related to Core clients (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division), Leasing (excluding Non-Core clients), Factoring and local Corporate Center with supporting functions for the Italian business.

In relation to individual clients (Households and clients of specialized network Private Banking), Commercial Banking Italy's goal is to offer a full range of products and services to fulfil transactional, investments and credit needs, relying on about 3350 branches and multichannel services provided by new technologies.

In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio. The current Corporate channel is organized on the territory with about 734 Managers divided in 131 Corporate Centers.

The territorial organization promotes a bank closer to its customers and faster decision-making processes, while the belonging to the UniCredit Group allows to support companies in developing international attitudes.

Commercial Banking Germany

Commercial Banking Germany provides all German customers (excluding Large Corporate and Multinational clients, supported by the Corporate and Investment Banking Division) with a complete range of banking products and services through a network of around 579 branch offices.

Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).

Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, small business and corporate customers, commercial real estate customers, and Wealth Management customers. In detail the corporates segment employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany. The private clients segment serves retail customers and private banking

[7] The following description of Business Areas is in line with the Segment Reporting of the Consolidated Group Results as of 31 December 2016.

customers with banking and insurance solutions across all areas of demand. The specific, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering.

The Segment also includes the local Corporate Center, which performs tasks as sub-holding towards other sub-group legal entities.

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers (excluding Large Corporate and Multinational clients, supported by the Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of: Retail, Corporate (excluding CIB clients), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG), the product factories Factoring and Leasing and the local Corporate Center Retail cover business with private individuals, ranging from mass-market to affluent customers. Corporate covers the entire range of business customers, SMEs and medium-sized and large companies which do not access capital markets (including Real Estate and Public Sector).

A broad coverage of the Retail and Corporate business lines is ensured through a network of about 160 branches.

The goal of Commercial banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.

Commercial Banking Austria holds significant market shares and occupies a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.

In response to changing customer needs and behaviours, Commercial Banking Austria has launched “Smart Banking Solutions”, an integrated new service model, allowing clients to decide when, where and how they can contact UniCredit Bank Austria. This approach combines classic branches, new formats of advisory service centres and modern self-service branches with internet solutions, Mobile Banking with innovative apps and video-telephony.

Corporate & Investment Banking (CIB)

The CIB Division targets Large Corporate and Multinational clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit Group. CIB serves UniCredit Group’s clients across 35 countries with a wide range of specialized products and services, combining geographical proximity with a high expertise in all the segments in which it is active.

The organizational structure of CIB is based on a matrix that integrates (i) market coverage (carried out through an extensive network in Western, Central and Eastern Europe and an international network of branches and representative offices) and (ii) product offering (divided into three Product Lines that consolidate the breadth of the Group’s CIB know-how).

The dedicated country-specific commercial networks (CIB Network Italy, CIB Network Germany, CIB Network Austria, CIB Network France, International Network) are responsible for the relationships with corporate clients, banks and financial institutions as well as the sale of a broad range of financial products and services, ranging from traditional lending and merchant banking operations to more sophisticated services with high added value, such as project finance, acquisition finance and other investment banking services and operations in international financial markets.

The three following Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products:

- Financing and Advisory ("**F&A**") - F&A is the expertise center for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a wide variety of products and services ranging from plain vanilla and standardized products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leverage Buy-Out, Project and Commodity Finance, Real Estate Finance, Structured Trade and Export Finance.
- Markets - Markets is the centre specialized for all financial markets activities and serves as the Group's access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralized "product line", it is responsible for the coordination of financial markets-related activities, including the structuring of products such as FX, Rates, Equities and credit related activities.
- Global Transaction Banking ("**GTB**") - GTB is the centre for Cash Management and e-banking products, Supply Chain Finance and Trade Finance products and global securities services.

In the light of a more integrated client offering, Joint Venture between Commercial Banking and CIB division have been set up in Italy and Germany, with the objective to increase cross selling of Investment Banking products such as M&A, Capital Markets and Derivatives to Commercial Banking clients.

Central and Eastern Europe (CEE)

The Group operates, through the CEE business segment, in 12 Central and Eastern Europe countries: Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey; having, in addition, Leasing activities in the three Baltic countries. The CEE business segment operates through approximately 2000 branches (including more than 1,000 branches of the Turkish subsidiaries which are consolidated at equity) and offers a wide range of products and services to retail, corporate and institutional clients in these countries. UniCredit Group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German, Austrian and Polish customers.

With respect to corporate clients, UniCredit Group is constantly engaged in standardising the customer segments and range of products. The Group shares its business models on an international level in order to ensure access to its network in any country where the Group is present. This approach is vital due to the variety of global products offered, particularly cash management and trade finance solutions, to corporate customers operating in more than one CEE country.

Asset Gathering

Asset Gathering is a business segment specialized in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment.

Asset Gathering operates through Fineco Bank, UniCredit Group's direct multichannel bank. It has one of the largest advisory networks in Italy and is the number one broker in Italy for equity trades in terms of volume of orders and the number one broker in Europe for the number of executed orders. Fineco Bank offers an integrated business model combining direct banking and financial advice, with a full range of banking, credit, trading and investment services which are also available through mobile applications.

Group Corporate Center

The Group Corporate Center includes:

Group Corporate Center

The Group Corporate Center's objective is to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence. In this framework, an important objective is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines.

According to actions included in the Strategic Plan 2016-2019 approved on 12 December 2016 – in particular with regards to the sale of Bank Pekao and the sale of almost all of the assets of PGAM whose assets at 30 September 2016, were part of the "Poland" and the "Asset Management" business segments, respectively – and in accordance with IFRS 5, Group Corporate Center includes, until these transactions will be completed, results previously referring to Poland and Asset Management segments, presented in the "Net profit (loss) of discontinued operations" P&L item.

Non-Core

Starting from the first quarter 2014, the Group decided to introduce a clear distinction between activities defined as the "core" segment, meaning strategic business segments and in line with risk strategies, above described, and activities defined as "non-core" segment, including non-strategic assets and those with a poor fit to the Group's risk-adjusted return framework, with the aim of reducing the overall exposure of this latter segment in the course of time and to improve the risk profile. Specifically, the "non-core" segment includes selected assets of Commercial Banking Italy (identified on a single client basis) to be managed with a risk mitigation approach and some special vehicles for securitisation operations.

LEGAL AND ARBITRATION PROCEEDINGS AND PROCEEDINGS CONNECTED TO ACTIONS OF THE SUPERVISORY AUTHORITIES

Legal and arbitration proceedings

UniCredit and other UniCredit Group companies are defendants in numerous legal proceedings. In particular, as at 31 December 2016, UniCredit and other UniCredit Group companies were defendants in about 24,000 legal proceedings (excluding labour law, tax cases and credit recovery actions under the scope of which counterclaims were submitted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the UniCredit Group may not lawfully know about or communicate.

The Group is also required to deal appropriately with various legal and regulatory requirements in relation to issues such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead, and in certain instances has led, to additional litigation and investigations and subjects the Group to damages claims, regulatory fines, other penalties and/or reputational damage. In addition, one or more Group companies and/or their current and/or former directors is subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which it operates. These include investigations relating to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of the Group's business and the reorganization of the Group over time, there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory or prosecution authority, and claims in which the petitioner has not specifically quantified the penalties requested (for example, in lawsuits in the United States). In such cases, given the impossibility of predicting possible outcomes and estimating losses (if any) in a reliable manner, no provisions have been made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with international accounting standards (IAS).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law, tax cases and credit recovery actions), the UniCredit Group has set aside a provision for risks and charges of €1,382 million as at 31 December 2016. The total amount claimed as at 31 December 2016, with reference to legal proceedings excluding labour law, tax cases and credit recovery actions, was €11,529 million. That figure reflects the inconsistent nature of the pending disputes and the large number of different jurisdictions, as well as the circumstances in which the UniCredit Group is involved in counterclaims. The estimate for reasonably possible liabilities and this provision are based upon currently

available information but, given the numerous uncertainties inherent in legal proceedings, involve significant elements of judgement. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions.

Set out below is a summary of information relating to matters involving the UniCredit Group which are not considered groundless or in the ordinary course.

This section also describes pending proceedings against UniCredit and/or other companies of the UniCredit Group and/or employees (even former employees) that UniCredit considers relevant and which, at present, are not characterised by a defined claim or for which the respective claim cannot be quantified.

Unless expressly mentioned below, labour law, tax and credit recovery claims are excluded from this section and are described elsewhere in the Prospectus. In accordance with IAS 37 information which would seriously prejudice the relevant company's position in the dispute may be omitted.

It should be noted, finally, that as at the date of the Prospectus the nature and the total amount of counterclaims formulated in the context of proceedings for credit recovery initiated by UniCredit and/or by the other companies of the Group is not significant.

Madoff

Background

UniCredit and various of its direct and indirect subsidiaries have been sued or investigated in the wake of a Ponzi scheme perpetrated by Bernard L. Madoff ("**Madoff**") through his company Bernard L. Madoff Investment Securities LLC ("**BLMIS**"), which was exposed in December 2008. Madoff or BLMIS and the UniCredit's group of companies were principally connected as follows:

- The Alternative Investments division of Pioneer ("**PAI**"), an indirect subsidiary of UniCredit, was investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation) ("**Primeo**")) and other non-U.S. funds-of-funds that had invested in other non-U.S. funds with accounts at BLMIS.
- Before PAI's involvement with Primeo, BA Worldwide Fund Management Ltd ("**BAWFM**"), an indirect subsidiary of UniCredit Bank Austria AG ("**BA**"), had been Primeo's investment adviser. BAWFM also performed for some time investment advisory functions for Thema International Fund plc ("**Thema**"), a non-U.S. fund that had an account at BLMIS.
- Some BA customers purchased shares in Primeo funds that were held in their accounts at BA.

- BA owned a 25 per cent. stake in Bank Medici AG ("**Bank Medici**"), a defendant in certain proceedings described below.
- BA acted in Austria as the "prospectus controller" under Austrian law in respect of Primeo and the Herald Fund SPC ("**Herald**"), a non-U.S. fund that had an account at BLMIS.
- UniCredit Bank AG (then Hypo- und Vereinsbank AG ("**HVB**")) issued notes whose return was to be calculated by reference to the performance of a synthetic hypothetical investment in Primeo.

Proceedings in the United States

Claims by the SIPA Trustee

In December 2010, the bankruptcy administrator (the "**SIPA Trustee**") for the liquidation of BLMIS filed, as one of a number of cases, a case in a U.S. Federal Court against approximately sixty defendants, including HSBC, UniCredit and certain of its affiliates (i.e. PAI, PGAM, UCB Austria, BAWFM and Bank Austria Cayman Islands Ltd) (the "**HSBC case**").

In the HSBC case the SIPA Trustee had made requests for a total of more than USD 6 billion (to be quantified subsequently in the course of proceedings) against all 60 defendants, for *common law* claims and avoidance claims (also called "claw-back" claims). No further separate proceedings were initiated in respect of the UniCredit Group.

All claims with respect to UniCredit and of other companies of the UniCredit Group, both relating to *common law* claims and those related to revocatory actions, were rejected without any possibility of appeal, with the exception of (i) UCB Austria, with respect to which the SIPA Trustee on 21 July 2015 has voluntarily renounced, with possibility to appeal, the claw-back actions against UCB Austria; and (ii) BAWFM, where, on 22 November 2016, the bankruptcy court has issued a judgement rejecting the claw-back actions brought against BAWFM. On March 9, 2017 the SIPA Trustee stipulated to the dismissal of the claw-back claims against BAWFM. On March 16, 2017 the SIPA Trustee filed a notice of appeal from the dismissal of the claims. The appeal remains pending. However, if that appeal were successful, the potential claim for damages is non-material and, therefore, there are no specific risk profiles for UniCredit Group. Certain current or formerly affiliated persons named as defendants in the HSBC case may have rights to indemnification from UniCredit and its affiliated entities. Furthermore, at the date of this Prospectus, to the knowledge of the UniCredit, there are no further processes promoted by parties other than the SIPA Trustee in relation to this matter.

Claims by SPV OSUS Ltd.

UniCredit and certain of its affiliates – BA, BAWFM, PAI – have been named as defendants, together with approximately 40 other defendants, in a lawsuit filed in the Supreme Court of the State of New York, County of New York, on 12 December 2014, by SPV OSUS Ltd. The complaint asserts common law based claims, only of a compensatory nature, against all

defendants of aiding and/or abetting breach of fiduciary duty, aiding and abetting fraud, aiding and abetting conversion and knowing participation in a breach of trust in connection with the Madoff Ponzi Scheme. The case is brought on behalf of investors in BLMIS and claims damages in an unspecified amount. The action filed by SPV OSUS Ltd. is in the initial stages. Bank Austria has been served with the action, but no substantive proceedings have yet been commenced.

Proceedings Outside the United States

Some investors in Primeo and Herald Madoff have brought numerous civil proceedings in Austria. As at 31 December 2016, 65 civil proceedings remain pending, with an *overall petitum* of €21.7 million plus interest. The claims in these proceedings are either that Bank Austria breached certain duties regarding its function as prospectus controller, or that Bank Austria improperly advised certain investors (directly or indirectly, to invest in funds in Madoff-related investments or a combination of these claims. The Austrian Supreme Court issued 18 final decisions with respect to prospectus liability claims asserted in the legal proceedings. With respect to claims related to the Primeo funds, nine final Austrian Supreme Court decisions have been in favour of UCB Austria. In two cases the Supreme Court did not accept UCB Austria's extraordinary appeal, thus rendering binding the decision of the Court of Appeal in favour of the claimant.

With respect to the Herald fund, the Austrian Supreme Court ruled five times with respect to prospectus liability, twice in favour of UCB Austria and three times in favour of the claimant.

In a prospectus liability case with Primeo and Herald investments, the Austrian Supreme Court ruled in favour of UCB Austria; in one further prospectus liability case with Primeo and Herald investments, the Supreme Court did not accept the claimant's extraordinary appeal, thus rendering binding the decision of the Court of Appeal in favour of Bank Austria. While the impact of the aforesaid decisions of the Austrian Supreme Court on the remaining pending Herald cases at the date of this Prospectus cannot be predicted with certainty, future rulings may be adverse to UCB Austria.

In respect of the Austrian civil proceedings pending as against UCB Austria related to the Madoff matter, UCB Austria has made provisions for an amount considered appropriate to the current risk.

UCB Austria has been named as a defendant in criminal proceedings in Austria that concern the Madoff case on allegations that UCB Austria breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo fund. The criminal proceedings are still at the pre-trial stage. At the date of this Prospectus, investigations relating to these proceedings are in progress and the Austrian public prosecutor has not formulated official criminal charges against UCB Austria, therefore it is not possible to evaluate what any sanctions against UCB Austria might be as well as any joint liability.

A criminal tax investigation in view of business relating to the Primeo fund investments has also been conducted and in April 2015 the tax authorities confirmed after several investigations

that all taxes had been paid correctly. In September 2016, the tax matters were finally dismissed by the office of the prosecutor, Vienna.

Certain Potential Consequences

In addition to the foregoing proceedings and investigations stemming from the Madoff case against UniCredit, its subsidiaries and some of their respective employees and former employees, subject to any applicable limitations on the time by when proceedings must be brought, additional Madoff-related proceedings may be filed in the future in the United States, Austria or elsewhere. Such potential future proceedings could be filed against UniCredit, its subsidiaries, their respective employees or former employees or entities with which UniCredit is affiliated or may have investments in. The pending or possible future proceedings may have negative consequences for the UniCredit Group.

Save as described above, as at the date of this Prospectus, it is not possible to estimate reliably the timing and results of the various proceedings, nor determine the level of liability, if any responsibility exists. Save as described above, in compliance with IAS, no provisions have been made for specific risks associated with Madoff related claims and charges.

Alpine Holding GmbH

Alpine Holding GmbH (a limited liability company) undertook a bond offering in every year from 2010 to 2012. In 2010 and 2011, UniCredit Bank Austria AG acted as Joint Lead Manager, together with another bank in connection with such bond offerings. In June/July 2013, Alpine Holding GmbH and Alpine Bau GmbH became insolvent and insolvency proceedings began. Numerous bondholders then started to send letters to the banks involved in issuing the bonds, setting out their claims.

Insofar as UniCredit Bank Austria AG is concerned, bondholders based their claims primarily on prospectus liability of the Joint Lead Managers; only in a minority of cases did they also claim mis-selling due to bad investment advice by the banks which sold the bonds to their customers. At the date of this Prospectus, UniCredit Bank Austria AG, among other banks, has been named as defendant in civil proceedings initiated by investors including three class actions filed by the Federal Chamber of Labour (with the claimed amount totalling about €20.5 million). The main claim is prospectus liability. These civil proceedings are mainly pending in the first instance.

No negative judgments have been issued at the date of this Prospectus against UniCredit Bank Austria AG. In addition to the foregoing proceedings against UniCredit Bank Austria AG stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UniCredit Bank Austria AG. UniCredit Bank Austria AG. At the date of the Prospectus, it is not possible to estimate reliably the timing and results of the various actions, nor to determine the level of liability, if any.

Several involved persons have been named as defendants in criminal proceedings in Austria which concern the Alpine bankruptcy case. UniCredit Bank Austria AG has joined these proceedings as a private party. Unknown responsible persons of the issuing banks involved are

formally also being investigated by a public prosecutor's office. The criminal proceedings are at the pre-trial stage.

Proceedings arising out of the purchase of UCB AG by UniCredit and the related group reorganization

Squeeze-out of UCB AG minority shareholders (Appraisal Proceeding)

In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich I to have a review of the price paid to them by UniCredit, equal to €38.26 per share, when they were squeezed out (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the compensation to be paid to the former minority shareholders. UniCredit believes that the amount paid to the minority shareholders was adequate. At present the proceeding is pending in the first instance. The District Court of Munich has appointed experts for the valuation of UCB AG at the time of the *squeeze-out*, which is a customary step in such proceedings. The court-appointed experts are in the process of finalising their written expert opinions, which are expected to be submitted to the court between the end of the first and the beginning of the second quarter of 2017. At the date of this Prospectus, there are no indications as to the conclusions of the court-appointed experts. All parties will then have an opportunity to comment, and the court is likely to hold an oral hearing thereafter. It will then be upon the court of first instance to decide on the request of the minority shareholders based on the expert opinion and the legal issues that are relevant and material to the decision of the court. The decision of first instance will be subject to appeal. Thus, at this stage, it is not possible to estimate the duration of the proceeding, which might also last for a number of years and could result in UniCredit having to pay additional cash compensation to the former shareholders. No estimate on the amount in dispute can be made at the current stage of the proceeding.

Squeeze-out of Bank Austria's minority shareholders

In 2008, approximately 70 former minority shareholders in Bank Austria initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to €129.4 per share was inadequate, and asking the Court to review the adequacy of the amount paid (Appraisal Proceedings).

The Commercial Court of Vienna has referred the case to a panel, called the "Gremium", to investigate the facts of the case in order to review the adequacy of the cash compensation. UniCredit, considering the nature of the valuation methods employed, believes that the amount paid to the minority shareholders was adequate.

In December 2011, the expert appointed by the Gremium rendered its expert opinion on the adequacy of the cash compensation already paid. In May 2013, a supplemental opinion was prepared. The results of such opinions are essentially positive for UniCredit. Due to several formal issues, the proceeding before the Gremium is still not finalised. The next oral hearing before the Gremium will take place in 2017. If no settlement is reached in such hearing, the Gremium will refer the case back to the Commercial Court of Vienna, which will have to deal with valuation as well as with legal issues.

At the date of this Prospectus the proceeding is pending in the first instance. Currently, it is not possible to examine and/or quantify the possible risk connected with the above-described Appraisal Proceeding.

Financial Sanctions matters

In the past years, violations of U.S. sanctions and certain U.S. dollar payments practices have resulted in certain financial institutions entering into settlements and paying substantial fines and penalties to various U.S. authorities, including the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), the U.S. Department of Justice ("**DOJ**"), the District Attorney for New York County ("**NYDA**"), the U.S. Federal Reserve ("**Fed**") and the New York Department of Financial Services ("**DFS**"),

More specifically, in March 2011 UCB AG began conducting a voluntary investigation of its U.S. dollar payments practices and its historic compliance with applicable U.S. financial sanctions, in the course of which certain historic non-transparent practices have been identified. In addition UniCredit Bank Austria AG has independently initiated a voluntary investigation of its historical compliance with applicable U.S. financial sanctions and similarly has identified certain historic non-transparent practices. UniCredit is also in the process of conducting a voluntary review of its historic compliance with applicable U.S. financial sanctions. The scope, duration and outcome of each review or investigation will depend on facts specific to the individual case. Each of these entities is cooperating with the relevant U.S. authorities and remediation activities relating to policies and procedures have commenced and are ongoing at the date of this Prospectus. Each UniCredit Group entity subject to investigations is updating its regulators as appropriate .

It is also possible however that investigations into historical compliance practices may be extended to other companies within the UniCredit Group or that new proceedings may be commenced against UniCredit and/or the Group.

These investigations and/or proceedings into certain Group companies could result in UniCredit and/or the Group being required to pay material fines and/or being the subject of criminal or civil penalties (which at the date of this Prospectus cannot be quantified).

UniCredit and the Group companies have still not yet entered into any agreement with the various U.S. authorities and therefore it is not possible to determine the form, extent or the timing of any resolution with any relevant authorities, including what final costs, remediation, payments or other legal liability may occur in connection therewith.

While the timing of any agreement with the various U.S. authorities is currently not determinable at the date of this Prospectus, it is possible that the investigations into one or all of the Group companies could be completed in 2017.

Recent violations of U.S. sanctions and certain U.S. dollar payment practices by other European financial institutions have resulted in those institutions entering into settlements and paying material fines and penalties to various U.S. authorities. As at the date of this Prospectus, UniCredit and the Group companies have no reliable basis on which to compare

the ongoing investigations relating to any settlements involving other European institutions; however, it is not possible to assure that any such settlement will not be material.

The investigation costs, remediation required and/or payment or other legal liability incurred inconnection with the proceedings could lead to liquidity outflows and could potentially negatively affect the Group's net assets and net results and those of one or more of its subsidiaries. Such an adverse outcome to one or more of the UniCredit Group companies subject to investigation could have a material adverse effect also from the reputational point of view and impact the business and the income statement, capital and/or financial position of the Group as well as its ability to comply with capital requirements.

Proceedings related to claims for Withholding Tax Credits

In 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits) at UCB AG. The findings of the Supervisory Board's investigation indicated that the bank sustained losses due to certain past acts/omissions of individuals.

The Supervisory Board has submitted a claim for compensation against three individual former members of the management board, not seeing reason to take any action against the members in office at the date of this Prospectus. UniCredit, UCB AG's parent company, supports the decisions taken by the Supervisory Board. In addition, criminal investigations have been conducted against current or former employees of UCB AG by the Prosecutors in Frankfurt on the Main, Cologne and Munich with the aim of verifying alleged tax evasion offences on their part. UCB AG cooperated with the aforesaid Prosecutors who investigated offences that include possible tax evasion in connection with cum-ex transactions both for UCB AG's own book as well as for a former customer of UCB AG. Proceedings in Cologne against UCB AG and its former employees were closed in November 2015 with, *inter alia*, the payment by UCB AG of a fine of €9.8 million. The investigations by the Frankfurt on the Main Prosecutor against UCB AG under section 30 of the Administrative Offences Act (the "Ordnungswidrigkeitengesetz") were closed by the payment of a fine of €5 million. The investigation by the Munich Prosecutor against UCB AG was closed as well following the payment of a forfeiture of €5 million.

The Munich tax authorities are currently performing a regular tax field audit of UCB AG for the years 2009 to 2012 which, inter alia, includes review of other transactions in equities around the dividend record date. During these years UCB AG performed different types of securities trades like securities-lending. It remains to be clarified whether, and under what circumstances, tax credits can be applied or taxes refunded with regard to different types of transactions carried out close to the distribution of dividends. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in communication with relevant supervisory authorities and competent tax authorithies regarding these matters. UCB AG has made provisions deemed appropriate for the risk

Proceedings relating to certain forms of banking transactions

The UniCredit Group is defendant in several proceedings relating to matters connected to its own operations with clients that are not specific to the UniCredit Group but involve the financial sector as a whole.

In this regard, note (i) the dispute relating to the phenomenon of compound interest, typical of the Italian market, with regard to which as at 31 December 2016, the total amount claimed against UniCredit stood at €1,155 million, including mediation; (ii) the dispute linked to derivative products, relating mainly to the Italian market (with regard to which as at 31 December 2016, the total amount claimed against UniCredit stood at €859 million, including mediation) and the German market (with regard to which as at 31 December 2016, the total amount claimed against UCB AG stood at €135 million); as well as (iii) the dispute connected to the loans in foreign currency, mainly relating to CEE countries (with regard to which as at 31 March 2017, the total amount claimed stood at approximately €5.5 million).

The disputes relating to compounding of interest regards the request, made by the clients, for damages arisen from the alleged unlawfulness of the calculation methods of the amount of interest payable related to certain banking contracts. Starting from the first years of 2000, a progressive increase of actions brought by the account holders has occurred, due to the unwinding of the interest payable arisen from the quarterly compound interest. From the third quarter of 2016, the number of claims for refunds/compensation for compound interest decreased slightly compared with 2015. As at the date of this Prospectus, UniCredit has made provisions that UniCredit deems appropriate for the risks associated with these claims.

With regard to the litigation connected to derivative products, several financial institutions, including UniCredit Group companies, entered into a number of derivative contracts, both with institutional and noninstitutional investors. In Germany and Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to UniCredit and its Group companies. As at the date of this Prospectus, it is impossible to assess the full impact of such legal challenges on the Group.

With respect to proceedings relating to foreign currency loans, in the last decade, a significant number of customers in the CEE area took out loans and mortgages denominated in a foreign currency ("**FX**"). In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of UniCredit in a number of CEE countries including Croatia, Hungary, Poland, Romania, Slovenia and Serbia.

More specifically, in Croatia, Zagrebačka banka ("**Zaba**") successfully defended a challenge brought by a consumer association against the validity of FX loans, with the Supreme Court finding in April 2015 that FX loans and the related currency clause were lawful. As the Court

held that the variable interest rate clause was however in principle unfair, this has resulted in individual customers bringing lawsuits to challenge the validity of the interest charged.

Following the implementation of a new law in Croatia in September 2015 that purported to rewrite the terms of FX loan contracts, a number of these lawsuits were withdrawn as customers took advantage of the benefits of the new law. Zaba challenged the constitutionality of this legislation before the Croatian Constitutional Court, and on 4 April 2017, the Constitutional Court declined Zaba's request, thus confirming the constitutionality of the law and no further remedies are available under local laws.

However, in September 2016, UCB Austria and Zaba also initiated a claim against the Republic of Croatia under the agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses suffered as a result of amendments in 2015 to the Consumer Lending Act and Credit Institutions Act mandating the conversion of Swiss franc-linked loans into Euro-linked. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers so requested. In Hungary, there was comprehensive legislation in 2014 requiring the compulsory conversion of foreign currency-based retail home loans into forint-based ones, as well as on the compensation banks had to pay to clients, with which the bank complied. Some legacy litigation remains pending. As at the date of this Prospectus, it is not possible to reliably assess the ultimate impact of these developments, the timing of any final court decisions, how successful any litigation may ultimately be, or what financial impact it or any associated legislative or regulatory initiatives might ultimately have on the individual subsidiaries or the UniCredit Group.

Medienfonds/closed end funds

As at 31 December 2016, 180 proceedings are pending (out of an original total of 1,508 proceedings) with regard to "VIP Medienfonds 4 GmbH & Co. KG" cases with prospectus liability. The total amount claimed as at 31 December 2016 was €30 million. With regard to these proceedings, UCB AG has made provision deemed by it to be consistent to cover the risk of lawsuits for the year 2017.

With reference to these proceedings, it is specified that various UCB AG customers bought shares – which were not sold by UCB AG – in a fund known as VIP Medienfonds 4 GmbH & Co. KG (the "**Medienfonds Fund**"). UCB AG only granted loans to all private investors for a part of the amount invested in the Medienfonds Fund, and assumed specific payment obligations of certain film distributors with respect to the Medienfonds Fund.

Initially, the investors enjoyed certain tax benefits, which, however, were later revoked by the tax authorities. The Medienfonds Fund initiated a fiscal proceeding relating to the admissibility of its structure from the tax point of view for fiscal year 2004. As at the date of this Prospectus, no final decision has been rendered as to whether the tax benefits were rightfully revoked in the first place and the proceedings relating to the admissibility of the tax position of the Medienfonds Fund for the 2004 tax year are pending.

A general settlement has been reached with the vast majority of the investors. In parallel, a test case had been brought pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*) before the Higher Regional Court of Munich (and referred back to the Higher Regional Court of Munich by the German Federal Court of Justice) regarding the question of Hypo- und Vereinsbank AG's (as at the date of this Prospectus, UCB AG's) liability for the prospectus. Without prejudice to several uncertainties relating to the pre-trial stage (such as the assumption and the evaluation of the evidence by the Regional High Court of Munich within its jurisdiction) – in the opinion of UniCredit it is reasonable to predict that the UCB AG's prospectus liability will not be declared in the pending proceedings pursuant to the *Kapitalanleger-Musterverfahrensgesetz*. Specifically, with regard to the alleged violation of disclosure obligations relating to several items from the decisions of the Regional High Court of Munich, it is possible to believe that the overall possibility of success for the plaintiffs in the remaining pending proceedings is limited. In any event, from the time that the Medienfonds Fund liquidation process progressed significantly, these risks may not manifest themselves in an amount that is comparable to the original amount estimated for the proceedings. In the light of the out-of-court settlement reached with the majority of investors described above (which includes the waiver of any further claim), the final decision, which at the date of this Prospectus has not yet been made, will only have an impact on a few remaining pending cases.

Furthermore, as at the date of this Prospectus, UCB AG is defending lawsuits concerning other closed-end funds. The economic background of these lawsuits is often linked to a modified view of the tax authorities with regard to tax benefits originally envisaged, and these proceedings refer to alleged violations of individual obligations by UCB AG and prospectus liability. Specifically, with regard to a mutual fund investing in heating plants, 145 investors have proposed legal action against UCB AG on the basis of individual violations of the prospectus obligations and liabilities, for a total amount claimed of €12 million. In this regard note that, following a test case proposed in accordance with the *Kapitalanleger-Musterverfahrensgesetz* before the Regional Court of Munich against UCB AGI, most of the proceedings were suspended. The hearings in this test case were conducted and will continue to take place for a significant period of time. The outcome of this test case will depend on the results of these hearings and, *inter alia*, on the opinion of several experts, and is difficult to predict. However, following the positive completion of the sale of several heating systems, the income generated by the above-mentioned fund and its anticipated liquidation, several negotiations have been launched with the aim of reaching a settlement agreement on the entire issue with favourable commercial terms. These negotiations have reached a promising stage and the majority of proceedings should be concluded in 2017. Following these negotiations, the maximum amount of this transaction is estimated at around €7 million and UCB AG has made suitable provision to hedge the risk for the case.

Vanderbilt related litigations

Claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds.

In August 2006, the New Mexico Educational Retirement Board (ERB) and the New Mexico State Investment Council (SIC), both U.S. state funds, invested $90 million in Vanderbilt Financial, LLC (VF), a vehicle sponsored by Vanderbilt Capital Advisors, LLC (VCA). VCA is a subsidiary of Pioneer Investment Management USA Inc. and a company controlled indirectly by UniCredit. The purpose of VF was to invest in the equity tranche of various collateralized debt obligations (CDOs) managed primarily by VCA. The equity investments in VF, including those made by the ERB and SIC, became worthless. VF was later liquidated.

Beginning in 2009, several lawsuits were threatened or filed (some of which were later dismissed) on behalf of the State of New Mexico, in conjunction with negotiations between VCA and the State of New Mexico. These lawsuits include proceedings launched by a former employee of the State of New Mexico who claimed the right, pursuant to the law of the State of New Mexico, to act as a representative of the State for the losses suffered by the State of New Mexico with regard to investments managed by VCA. In these proceedings, in addition to VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit were also named as defendants, by virtue of their respective corporate affiliation with VCA as described above. In addition, two class actions were launched with regard to VCA on behalf of the public pension fund managed by ERB, and the State of New Mexico threatened to launch a case against VCA if its claim was not satisfied. These suits threatened or instigated relate to losses suffered by the ERB and/or SIC on their VF investments, with additional claims threatened in relation to further losses suffered by SIC on its earlier investments in other VCA-managed CDOs. The lawsuits threatened or instigated allege fraud and kickback practices. Damages claimed in the lawsuits filed by or on behalf of the State of New Mexico are computed based on multiples of the original investment, up to a total of $365 million (equal to approximately €351 million[8]).

In 2012, VCA reached an agreement with the ERB, SIC and the State of New Mexico for an amount equal to $24.25 million (equal to approximately €23.31 million[9])to settle all claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds. The amount of the settlement was deposited as a guarantee (escrow). The settlement is contingent on the Court's approval, but that process was temporarily delayed, and the original litigation was stayed, pending the determination by the New Mexico Supreme Court of a legal matter in a lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 VCA, the ERB, SIC, and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing on the matter in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA be dismissed. That order remains subject to issuance of a final judgment and to a possible appeal. If the judgment is entered and not appealed, the amount held in an escrow account will be paid to the State of New Mexico and VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit will be released from any claim that has been or could be raised by or on behalf of the State of New Mexico or any of its agencies or funds.

Other litigation

[8] Euro/USD exchange rate equal to 1.0401 (ECB foreign exchange reference rate on 28 December 2016).

[9] Euro/USD exchange rate equal to 1.0401 (ECB foreign exchange reference rate on 28 December 2016).

Until April 2008, Standard Life Insurance Company of Indiana (SLICOI) was one of the asset management clients of VCA. A different manager then took over. In December 2008, SLICOI failed and was placed into rehabilitation proceedings by the Indiana State Insurance Commissioner (ISIC). In 2010, ISIC filed a lawsuit in Indiana state court in the USA against the successor manager of SLICOI's portfolio, the directors of SLICOI's former parent company, and VCA, alleging against VCA and the successor manager claims for breach of contract, breach of fiduciary duty and violations of the Indiana State Securities Act. Against the directors, ISIC alleged breach of fiduciary duty. Although the alleged damage has not been quantified in the complaint, at year end 2015, ISIC quantified the claimed damage as between $98-348 million (equal to €94 and €335 million respectively[10]). The defendants deny all the claims. In January 2017, VCA reached an out-of-court settlement for all proceedings. All costs will be paid by the insurance. The parties fully performed the settlement agreement and all claims vis-à-vis VCA have been dismissed.

Divania S.r.l.

In the first half of 2007, Divania S.r.l. (now in bankruptcy) ("**Divania**") filed a suit in the Court of Bari against UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now UniCredit S.p.A.) alleging violations of law and regulation in relation to certain rate and currency derivative transactions created between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.).

The petition requests that the contracts be declared non-existent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. pay the claimant a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement the parties reached in 2005 under which Divania had agreed to waive any claims in respect of the transactions.

UniCredit rejects Divania's demands. Without prejudice to its rejection of liability, it maintains that the amount claimed has been calculated by aggregating all the debits made (for an amount much larger than the actual amount), without taking into account the credits received that significantly reduce the claimant's demands. In 2010 the report of the Court named expert witness submitted a report which broadly confirms UniCredit's position stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void).

The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate). On 16 January 16 2017, the Court issued a decision declaring it was not competent to decide on part of the plaintiff's claims and ordered us to pay, in favour of the Receiver of the Divania bankruptcy, an overall amount of approximately €7.6 million plus legal interests and part of the expenses. As at the date of this Prospectus, we have given mandate to our counsels for filing an appeal.

[10] Euro/USD exchange rate equal to 1.0401 (ECB foreign exchange reference rate on 28 December 2016).

Another two lawsuits have also been filed by Divania: (i) one for €68.9 million (which was subsequently increased up to €80.5 million pursuant to Article 183 of the Code of Civil Procedure); and (ii) a second for €1.6 million.

As for the first case, in May 2016 the Court ordered UniCredit to pay approximately €12.6 million plus costs. UniCredit appealed against the decision and at the first hearing the case was adjourned to 22 June 2018.

In respect of the second case, on 26 November 2015, the Court of Bari rejected the original claim of Divania. The decision has become a final judgment.

UniCredit has made a provision for an amount it deems appropriate to cover the risk of the lawsuit.

Valauret S.A.

In 2004, Valauret S.A. and Hughes de Lasteyrie du Saillant filed a civil claim for losses resulting from the drop in the Rhodia S.A. share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors and others.

BA (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that Creditanstalt was banker to one of the defendants. Valauret S.A. is seeking damages of €129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant is seeking damages of €4.39 million.

In 2006, before the action was extended to BA, the civil proceedings were stayed following the opening of criminal proceedings by the French State that are pending as at the date of this Prospectus. In December 2008, the civil proceedings were also stayed against BA.

In BA's opinion, the claim is groundless and, at the date of this Prospectus, no provisions have been made.

I Viaggi del Ventaglio Group (IVV)

In 2011, a lawsuit was filed with the Court of Milan against UniCredit by foreign companies IVV DE MEXICO S.A., TONLE S.A. and the bankruptcy trustee IVV INTERNATIONAL S.A. for approximately €68 million. In 2014 two further lawsuits were filed with the Court of Milan by the bankruptcy trustees of IVV Holding S.r.l. and by IVV S.p.A. for €48 million and €170 million, respectively.

The three lawsuits are related. The first and third relate to allegedly unlawful conduct in relation to loans. The second relates to disputed derivative transactions. As at the date of this Prospectus and according to the preliminary activity carried out, UniCredit's view is that the claims appear to be groundless. In particular (i) UniCredit won in first instance the first lawsuit (*petitum* equal to approximately €68 million) and in July 2016 and September 2016 the plaintiffs filed an appeal against the decision, and the next hearing is scheduled on 15 November 2017; (ii) as far as the second lawsuit is concerned (a claim amounting to approximately €48 million), relating mainly to disputed derivative transactions in 2015, the proceedings are at their final stage and the judge is expected to issue the decision; and (iii)

lastly, with regard to the third lawsuit (a claim amounting to approximately €170 million), at the date of this Prospectus it is at the pre-trial stage and the requests formulated by the judge to the expert do not concern UniCredit. The next hearing for the cross examination of the court-appointed expert witness was set for September 2017.

Lawsuit brought by "Paolo Bolici"

In May 2014, the company wholly owned by Paolo Bolici sued UniCredit in the Court of Rome seeking the return of approximately €12 million for compound interest (including alleged usury component) and €400 million for damages. The company then went bankrupt. The Court of Rome issued the decision on 16 May 2017 rejecting all the claims and ordering the bankruptcy procedure to reimburse UniCredit with the legal costs. UniCredit decided that no provisions were necessary.

Mazza Group

The lawsuit comes from criminal proceedings before the Court of Rome for illicit lending transactions of disloyal employees of the UniCredit in favour of certain clients for approximately €84 million. These unlawful credit transactions involve: (i) the unlawful supply of funding; (ii) the early use of unavailable large sums; (iii) the irregular opening of accounts which the employees, in increasingly important roles, facilitated in violation of the regulations and procedures of Banca di Roma S.p.A. (later "UniCredit Banca di Roma S.p.A." and at the date of this Prospectus merged by incorporation into UniCredit).

The criminal proceedings relating to acts and events quantifiable as offences (fraud, continued misappropriation, forgery) committed in 2005 by representatives of a group of companies (the "Mazza Group") with the collaboration of disloyal UniCredit employees came to an end in May 2013 with an unexpected exculpatory ruling (no case to answer). This ruling was appealed by the public prosecutor and by UniCredit.

At the date of this Prospectus two lawsuits are pending for compensation claims against UniCredit:

- the first launched in June 2014 by the Mazza notary, convening UniCredit before the Court of Rome claiming compensation for damage allegedly suffered following the criminal complaint brought by the former Banca di Roma S.p.A. The plaintiff makes use of the exculpatory ruling in the criminal proceedings to claim a traumatic experience with repercussions on their health, marriage, social and professional life, with financial, moral, existential and personal injury damages of approximately €15 million. The proceedings are currently at the evidence collection phase; and
- the second, launched in March 2016 by Como S.r.l. and Camillo Colella, which brought UniCredit before the Court of Rome claiming damages of approximately €379 million. Similarly to the Mazza notary, the plaintiffs complain that the initiatives of the former Banca di Roma S.p.A., in the criminal and civil proceedings, caused financial, moral, existential and personal injury damages to Camillo Colella, as well as damages for the loss of important commercial opportunities, as well as image, reputational and

commercial damage to Como S.r.l. The judge reserved its decision on the request for evidence collection filed by the parties.

These lawsuits currently appear unfounded in UniCredit's. UniCredit has made the provision it deems consistent to cover the risk resulting from unlawful credit transactions, which is essentially equal to the residual credit of UniCredit.

Di Mario Group

As at 31 December, nine lawsuits are pending: one bankruptcy claw-back action pending in the first instance and other eight damage/ordinary revocatory claims for, in total, €157.1 million, where the plaintiffs alleged that UniCredit (together with other banks) facilitated debt restructuring agreements aimed at sterilising the risk of possible claw-back actions and obtaining privileges.

At the date of this Prospectus, three of these lawsuits are in the preliminary stage, with the first hearings set, respectively, for 10 July 2017, 3 October 2017 and 9 October 2017, three at the evidence collection phase, with hearings scheduled for 10 July 2017 and 10 October 2017. Three lawsuits have been decided: (i) one with decision issued in October 2016 rejecting all the claims, never appealed and thus become final; (ii) one decided with not favourable decision served on 3 January 2017 appealed by UniCredit, which considers the reasoning of the decision to be objectionable under several aspects; and (iii) the last one decided on 17 January 2017, with judgment rejecting all plaintiff's claims, appealed by the Receiver. The first hearings in the appeal proceedings have been scheduled for 22 June 2017 and 4 October 2017.

As at the date of this Prospectus, UniCredit considers these damage/ordinary revocatory claims to be groundless. UniCredit has made a provision for an amount that it deems appropriate to handle the risk of action.

So.De.Co. - Nuova Compagnia di Partecipazioni S.p.A.

So.De.Co. S.r.l. ("**So.De.Co**."), following to a restructuring transaction by which it acquired the "oil" business from the parent company Nuova Compagnia di Partecipazione S.p.A. ("**NCP**"), was sold to Ludoil Energy Srl in November 2014.

In March 2016, So.De.Co., then controlled by Ludoil, summoned before the Court of Rome its former directors, NCP, UniCredit (in its capacity as holding company of NCP) and the external auditors (PricewaterhouseCoopers S.p.A. and Deloitte & Touche S.p.A.) claiming damages of approximately €94 million against the defendants, on a several and joint liability basis allegedly deriving from the failure to quantify, since at least 2010, the statutory capital loss, from the insufficient provisions for charges and risks related to environmental issues, and from the unreasonably high price paid for the acquisition of the "oil" business units and subsidiaries from NCP in the context of the group reorganization.

UniCredit filed the statement of defence challenging the grounds of the claims. Further to the first hearing, held on 27 September 2016, the parties filed the defence briefs under Section 183 of the Italian Civil Procedure Code aimed at requesting evidence and discussing the merits of the case. The judge, on 9 May 2017, rejected all the requests for evidence collection and

scheduled the hearing for filing the conclusions for 18 December 2017. According to UniCredit, the claim appears to be ungrounded.

Criminal proceedings

As at the date of this Prospectus, the UniCredit Group and its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far UniCredit is aware, are the subject of investigations by the competent authorities aimed at checking any liability profiles of its representatives with regard to various cases linked to banking transactions, including, specifically in Italy, investigations related to checking any liability profiles in relation to the offence pursuant to Article 644 (*usury*) of the Criminal Code.

As at the date of this Prospectus, these criminal proceedings have not had significant negative impacts on the operating results and capital and/or financial position of UniCredit; however there is the risk that if UniCredit and/or other UniCredit Group companies or their representatives (including those no longer in office) were to be convicted following the confirmed violation of provisions of criminal significance, this situation could have an impact on the reputation of UniCredit and/or the UniCredit Group.

For the sake of completeness, note that on 13 October 2016 and on 16 May 2017 UniCredit was notified by the public prosecutor at the Court of Tempio Pausania of two notices pursuant to Article 415-*bis* (*notice of the conclusion of thepreliminary investigations*) of the Code of Civil Procedure as the party responsible for the administrative offence set out in Article 24-*ter* of Legislative Decree No. 231/2001 as a result of offences contested by the former representatives of Banca del Mezzogiorno – MedioCredito Centrale S.p.A. ("**MCC**"), later renamed "Capitalia Merchant S.p.A.", then "UniCredit Merchant S.p.A." and at the date of this Prospectus merged by incorporation into UniCredit), as well as Sofipa SGR S.p.A. and Capitalia S.p.A. (at the date of this Prospectus merged by incorporation into the UniCredit).

The offences being investigated are those pursuant to Articles 5 and 11 of Legislative Decree 74/2000 (*offences involving income tax and VAT*), Article 416 of the Criminal Code (*conspiracy*) and Article 318 of the Criminal Code (*corruption of a public official*).

The main proceeding (RGNR 207/15) brings together three other separate ones (RGNR 608/16 – 375/15 and 2658/15), whereby UniCredit was only previously aware of 2658/15.

The offences being investigated with regard to the only former representative of Capitalia S.p.A. are those pursuant to Article 110 of the Criminal Code (*participation in the crime*) and Articles 5 and 11 of Legislative Decree No. 74/2000.

This concerns a complex case involving UniCredit as the successor of MCC, relating to equity investments owned by the above-mentioned MCC in the group for which Colony Sardegna S.à r.l. was the parent company. The directors of this company are charged with decisions concerning financial transactions which resulted in capital gains on behalf of third-party companies and to the detriment of the company managed, as well as failures to declare IRES income; the charges involving UniCredit refer to the years 2003/2011 (in May 2011 UniCredit Merchant S.p.A. actually sold its equity investment).

Labour-related Litigation

UniCredit is involved in employment law disputes and, as at 31 December 2016, there were 514 pending disputes brought against it. In general, provisions have been made, judged by UniCredit to be adequate, for all employment law disputes to cover any potential disbursements and in any event UniCredit does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial position. Specifically, with reference to the risks relating to employment law involving counterclaims in progress at the date of this Prospectus against UniCredit, the total amount of the claims as at 31 December 2016 stood at €476 million and the related risk provision, at that date, stood at €19 million. Information about the main cases and the related claim as at 31 March 2017 are given below.

Lawsuits filed against UniCredit by members of the former Cassa di Risparmio di Roma Fund

These lawsuits, having been won in earlier proceedings by UniCredit, hang on appeal cases brought before the relevant courts of appeal and the Court of Cassation in which the main claim is a request that the funding levels of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. As at 31 December 2016, with reference to the main claim, the relief sought is estimated at €384 million. No provisions were made as these actions are considered to be unfounded.

Proceedings Related to Tax Matters

Proceedings before Italian Tax Authorities

As at the date of this Prospectus, there are tax proceedings pending in relation to UniCredit and other companies belonging to the UniCredit Group, Italian perimeter. As at 31 December 2016, there were 727 tax disputes for an overall amount equal to €485.2 million, net of disputes settled which are referred to below.

The main *out-of-court* settlements entered into during the year 2016 that were referred to in the consolidated financial statements at 31 December 2016 are summarized below:

1. all disputes relating to Pioneer I.M. SGR (and to the Issuer as the consolidating entity) for the years 2008, 2009, 2010, 2011 and 2012 were settled out-of-court, without the application of administrative fines because the Financial Administration recognised the correct application of the framework governing the documentary requirements of transfer pricing. Specifically, for the purpose of an out-of-court settlement, Pioneer I.M. SGR paid in total, for the years shown, for IRES purposes, a total sum of €39.7 million, of which €32.9 million was for tax and €6.8 million in interest. The outcomes of negotiations are in line with the criteria adopted for the definitions related to previous years (2006 and 2007);
2. all disputes relating to the alleged non-deductibility of the amortisation of goodwill from the outcome of extraordinary transactions – completed in 2001 – which involved the company UniCredit Xelion Banca S.p.A. and, later, UniCredit and FinecoBank were defined. The above-mentioned disputes involve the years 2004 to 2011. The settlement involved the total outlay of €2.3 million by UniCredit, with reference to

greater IRES, plus interest. In this case too the revenue agency did not impose administrative fines, having recognised that the bank acted in good faith and also completely annulled the findings relating to IRAP;

3. 3. the lawsuits instigated by FinecoBank (and also relating to UniCredit as the consolidating entity), involving the alleged non-deductible costs incurred with regard to the activities of financial advisors for the years 2009, 2010 and 2011, were settled. With regard to a request for €2 million (with reference to IRES), the company settled the dispute by paying the total sum of €0.6 million (in tax, fines and interest);

4. 4. the notice of assessment regarding UniCredit Factoring for IRES for the tax year 2010 for the total amount of €6.3 million (in tax, fines and interest) was settled out-of-court through the payment of €3.9 million;

5. the notice of assessment for registration tax for 2013 for UniCredit and UniCredit Business Integrated Solutions S.C.p.A. for claims involving the alleged greater taxable value following a sales transaction of the business segment, for a total of €0.8 million (in tax, fines and interest): the dispute was settled out-ofcourt. The total sums paid come to €0.4 million;

6. the dispute involving UCB AG – Italian branch for 2007 IRES, which emerged following claims involving the endowment fund and receivables for taxes paid abroad, was settled by the payment of €2.1 million, following an original request for €23.6 million; and

7. the assessment concerning UniCredit S.p.A. and relating to the higher mortgage tax for the year 2013, in which it is contested the declared value of a building acquired in the year 2013, for a total amount of €0.2 million for taxes and interests, was settled out-of-court with the payment of €0.05 million in total.

Under the scope of pending lawsuits, note that as at the date of this Prospectus there are disputes relating to notices of assessment prior to 2015 and, at the moment, they are pending. These disputes mainly involve registration tax due for the rulings that settled a number of opposition proceedings regarding the liability status of the companies of the Costanzo Group, as well as substitute tax on medium- and long-term loans.

With reference to the disputes regarding the Costanzo Group litigations, in the first quarter of 2016 the company was served with a further notice of assessment for registration tax of €6.3 million relating to tax only. Therefore, as at 31 December 2016, the total value of assessments with regard to this matter, which as at 31 December 2015 came to €23.3 million, stood at €29.6 million.

This notice was also promptly appealed against at the competent Provincial Tax Commission. The notices of assessment notified in February 2015 were all settled in the first instance. At the end of the first instance proceedings, the total amount cancelled, albeit not definitively, totalled €15 million. Disputes are currently pending for all notices; specifically, for the latest notice, the appeal is pending in the first instance and for all the others, the rulings are pending at the appeal stage.

Still with regard to the disputes referred to above, in 2016 a payment order was issued for €7 million concerning the entry into the taxpayer's list, plus interest and fines, of part of the sums due following the first instance rulings indicated in the previous paragraph. An appeal was also filed against this payment order at the competent Provincial Tax Commission. On 13 December 2016, a ruling was issued that cancelled the payment order only with regard to interest and penalties for a total value of €1.9 million.

With regard to the disputes involving substitute tax on the loans for the years 2010 and 2011, the disputes still pending are all lodged at the Rome Provincial Tax Commission. In addition to the appeals, a request has been submitted for administrative cancellation of the offices. As at 31 December 2016, the total value of cancelled notices is equal to approximately €15 million.

In 2015 the Guardia di Finanza (the Italian Tax Police) continued its investigation into withholdings with regard to interest paid in relation to debt financial instruments issued to strengthen capital, for the tax periods from 2011 to 2014. The investigation was concluded on 6 April 2016 with the notification of the formal audit report through which the alleged omitted withholdings for a total of €11.9 million were contested. The Company made provisions by setting aside a sum equal to the higher tax challenged (€11.9 million). In August 2016, UniCredit settled the dispute relating to 2011 by paying €6.8 million, of which €5.8 million referred to tax and €1 million to interest. In March 2017, UniCredit settled the disputes for the years 2012, 2013, 2014, by paying a total amount of €6.6 million (€5.9 million for taxes, €0.7 million for interest). For all such disputes (2011 to 2014) no administrative penalties were applied as the good faith of the taxpayer was expressly recognised.

Also note that the following tax inspections with regard to Italian legal entities were concluded in the course of the year 2016:

1. UniCredit Business Integrated Solutions S.C.p.A. has been interested by an assessment for IRES and IRAP purposes relating to years 2011 and 2013, at the end of which on 21 July 2016, a tax audit report was served. The total amount of the contested taxes is €11.8 million. As at 31 December 2016, an assessment notice relating to IRES and IRAP for the year 2011 was served, which confirmed the findings relating to 2011 (for a total of Euro €5.2 million relating to higher taxes and interests for €0.9 million) and penalties were imposed amounting to €4.1 million. At the date of this Prospectus, the deadline for tax assessment notifications relating to the 2012 financial year has not yet expired. The company has decided to apply for a tax settlement proposal (so called "accertamento con adesione") with respect to the 2011 tax assessment;

2. UniCredit Leasing S.p.A. has been interested by a tax assessment for IRES, IRAP and VAT purposes relating to years 2011 and 2012 ended on 29 September 2016 with the notification of a tax audit report. As at 31 December 2016, an assessment notice exclusively relating to 2011 for IRAP and VAT purposes was served. The amounts established are equal to €21.2 million of which €7.3 million was for VAT and IRAP taxes, €12.5 million for penalties and €1.4million for interests. At the date of this Prospectus, the deadline for tax assessment notifications relating to the 2012 financial

year has not yet expired. The company has filed an appeal with respect to the 2011 tax assessment; and

3. On 10 October 2016, UCB AG - a permanent establishment in Italy, was served with a tax audit report which contests €0.2 million of withholdings on capital income which were allegedly omitted. Subsequently, the tax authorities have cancelled such assessment.

The Revenue Agency has also implemented monitoring activities for IRES, IRAP and VAT purposes. pursuant to Decree-Law No. 185 of 29 November 2008 ("*monitoring system*") with regard to UniCredit and other UniCredit Group companies forming part of the "Italy" perimeter, launched, respectively, during the financial years ended, respectively, on 31 December 2014 and 31 December 2015 as well as during the financial year ended 31 December 2016. No claim or challenge has yet been formalised with regard to these activities. The monitoring system is addressed to large tax payers and is based on specific risk analysis that allows to diversify the level of control; said activities mainly consist of requests for data and information relating to the annual tax returns submitted in the previous year.

Proceedings connected with the Supervisory Authority Measures

The UniCredit Group is subject to complex regulation and supervision by, inter alia, the Bank of Italy, CONSOB, the EBA, the ECB within the European System of Central Banks (ESCB), as well as other local supervisory authorities. In this context, the UniCredit Group is subject to normal supervision by the competent authorities. Some supervisory actions have resulted in investigations and charges of alleged irregularities that are in progress as at the date of this Prospectus. The Group has acted to prove the regularity of its operations and does not believe that these proceedings could have negative consequences for the business of the UniCredit Group.

Italy

On 23 May 2016, CONSOB also began an inspection (pursuant to Article 115, paragraph 2 of the Financial Services Act) with regard to UniCredit for the purpose of acquiring documentary evidence and information relating to (i) the exercising, with regard to Feidos 11 S.r.l., of the purchase option set out in the shareholders' agreement signed on 31 July 2013 (the "**Fenice Agreement**"); (ii) the "Centauro Transaction", the extraordinary transaction and the part played by UniCredit and the other parties involved in the above-mentioned transaction under the scope of the share capital increase approved by the Board of Directors of Prelios S.p.A. on 12 January 2016; and (iii) relations with regard to the "Centauro Transaction" with shareholders of the Fenice shareholders' agreement of Prelios S.p.A. signed on 26 February 2016. This audit was completed in the month of November 2016 and at the date of this Prospectus UniCredit has not yet received further documents or notices referred to the same audit. At the date of this Prospectus, as far as UniCredit is aware, no inspections by CONSOB are ongoing with regard to subsidiaries of UniCredit or CONSOB has not launched proceedings with regard to subsidiaries of UniCredit in the financial years ended, respectively, 31 December 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

From 2011 until the date of this Prospectus, the Bank of Italy, under the scope of the above-mentioned supervisory activities, carried out investigations and verification/validation of internal models (Counterparty Credit Risk, VaR, IRC and Stressed VAR, AMA Model). The inspections involved the following areas: governance, management and control of credit risk with special reference to small and medium-sized enterprises (including the aspects related to transparency, usury and money laundering); transparency and fairness in customer relationships; governance, management and control of liquidity risk and interest rate risk at consolidated level with a similar parallel initiative of the BaFin; adequacy of the Group's information and back office systems, and related follow-up (in conjunction with BaFin and Bundesbank); management and coordination in the Finance division (CIB Markets); adequacy of the value adjustments for non-performing, doubtful and restructured loans; verification of the Group's accounting and administrative processes with special reference to information flows for the production of the consolidated financial statements; remuneration and incentive policies and practices; compliance with regulations for combating money laundering (with special reference to the obligations of adequate checks on customers in the business sector); the functionality of the organisational structure for the management of claims in the Italian component of the Group.

As at the date of this Prospectus, all above-mentioned inspections were concluded and the action plans for each area are essentially in line with the defined deadlines. They are monitored by the top management and control functions of the company, and periodically brought to the attention of the supervisory authority. In more detail:

- the action plans for inspections relating to the following have been implemented in full: (i) adequacy of Group information and back office systems, and related follow up; (ii) compliance with regulations for fighting money laundering (with special reference to the obligations of adequate customer checks in the companies sector); (iii) adequacy of value adjustments to non-performing, doubtful and restructured loans; (iv)

remuneration and incentive policies and practices; and (v) functionality of the organizational structure for the management of claims in the Italian component of the Group; and

- the action plans relating to the inspections are in the process of being completed: (i) governance, management and control of liquidity risk and interest rate risk at consolidated level; (ii) management and coordination in the CIB Markets Finance division; and (iii) verification of group accounting and administrative processes with special regard to information flows for the production of the consolidated financial statements.

With regard to the investigations conducted: (i) in 2011, into the subjects of governance, management and control of credit risk with special reference to small and medium-sized enterprises (including aspects relating to transparency, usury and anti-money laundering); (ii) in 2012 on the matter of transparency and correctness in relations with customers, the Bank of Italy discovered irregularities with regard to which, pursuant to Article 144 of the Italian Banking Act, monetary administrative fines were imposed on several company representatives [11].

In April 2016 the Bank of Italy began looking into the "Remuneration methods of loans and overdrafts" at UniCredit, which was concluded at the end of May 2016. The Bank of Italy formulated its observations during the Board of Directors meeting held on 15 December 2016. The supervisory authority highlighted several shortcomings, already, to a great extent, addressed by UniCredit and, more specifically, relating to: (i) the complete inclusion of the provisions on loans with the related integration of corporate regulations; (ii) the criterion for calculating the daily available balance; (iii) the reasons for transactions exempt from fast credit processing fees (CIV); and (iv) the structure of ex-post checks. On 15 February 2017, UniCredit provided the Bank of Italy with exhaustive answers, fully taking into account the corrective measures that have been and/or will be implemented.

In 2012 a general and ordinary inspection was also conducted at the subsidiary FinecoBank, which concluded without imposing any sanctions. The findings, of an exclusively formal nature, were all dealt with at the date of this Prospectus.

In addition, in 2014, the UniCredit Group was subject to the "*Comprehensive Assessment"* carried out by the ECB and the national supervisory authorities relating to the SSM. The final result, published on 26 October 2014, demonstrated capital levels higher than the minimum levels set for both the basic and stressed scenarios.

Under the scope of ordinary prudential supervision activities, in 2015 the ECB carried out investigations into various topics: the management of liquidity risk, ILAAP and treasury at UniCredit, UCB AG and UCB Austria, leasing activities in Italy, Austria and Bulgaria, and the

[11] Surrounding the "governance, management and control of credit risk", this involves three executives, at the time of events working in the Group Risk Management unit, fined for a total amount of €91,000. Regarding "transparency and correctness in relations with customers", this involves four executives, at the time of the events working in Legal & Compliance and Commercial Banking Italy, fined for a total amount of €116,000. In both cases the sanctions that the Bank paid were imposed through the regulation in force at the time, Article 145, paragraph 10 of the TUB, which requires that the Issuer is jointly and severally liable for the payment and obliged to exercise the right of recourse to those liable.

reporting of credit risk (the interpretation of forbearance and Financial Reporting – FinRep) in UniCredit, UCB AG and UCB Austria.

With regard to the inspection into liquidity, the supervisory authority has highlighted – in the context of a decided reduction in liquidity risk, thanks to the improved external funding conditions and managerial actions implemented – several weaknesses in the governance of the Group in terms of liquidity, in the quality of data, in the IT framework and in several aspects of risk management activities. Specifically, there was a recommendation to set up a centralised database following the common rules on the source and provision of data for the management of liquidity at Group level. The ECB also recommended that the liquidity risk control function should have suitable IT support for the aggregation and reconciliation of data in order to focus its energy more on control activities, including the back testing of the behavioural models developed by the Finance function. Both measures were implemented in the meantime by the end of 2016.

The action plan prepared in relation to the recommendations was shared with the ECB during the closing meeting and then officially sent for the purposes of its monitoring. The implementation of all planned actions will be completed by 30 June 2017. No subsequent observations were made by the ECB in that regard.

With regard to the inspection into leasing activities, the supervisory authority – while recognising the positive developments in recent years and the significant improvement in the quality of provision in all geographical areas examined – highlighted for the Italian company several weaknesses relating to the calculation of the time value, the classification under the scope of the non-performing loans portfolio and support of the IT systems, in particular for monitoring real estate assets and collateral management. With special reference to the calculation of the time value, the regulatory authority detected weaknesses relating, mainly, to the calculation of estimates, recommending they be reviewed on the basis of updated historical series. According to the plan, the activity was implemented by the planned deadline of 31 December 2016. As regards the foreign subsidiaries examined (Austria, Bulgaria and Hungary), suggestions were formulated regarding the improvement of certain internal processes, but no remarks were made on the management of the loan portfolio.

The total action plan prepared following the recommendations was shared with the ECB during the closing meeting and then officially sent to be monitored. No subsequent observations were made by the ECB in that regard. In UniCredit's opinion, this plan, which continues in line with the provisions and the implementation of all the planned actions, will be completed by 31 December 2017.

With regard to the inspection into the reporting of credit risk, the supervisory authority highlighted the consistency between the FINREP reporting and managerial reporting, with room for improvement with regard to information about forbearance, a level of adequacy and satisfactory precision for the most important aggregate date (albeit with the need to standardise the reporting perimeters within the Group), the correct structuring of credit risk reporting to the Board of Directors and top management, moreover on the date of the aforesaid inspection which still needs standardising in terms of metrics and formats within the Group, and areas of

improvement relating to control processes. The action plan prepared in relation to the recommendations was shared with the ECB during the closing meeting and then officially sent for the purposes of its monitoring. No subsequent observations were made by the ECB in that regard. In UniCredit's opinion, the said Plan is in line with expectations and the implementation of all planned actions will be completed by 30 June 2017.

At the end of January 2016, the ECB launched an inspection into the "Capital position calculation accuracy" in the Group also relating to Group-wide credit models In December 2016, UniCredit presented to and discussed with the ECB possible measures and deadlines identified by the bank in order to remedy the problems identified during the inspection, in particular concerning the processes for calculation of capital and of RWA. In March 2017, UniCredit received the official notice of the findings from ECB, highlighting also that the impact of the findings was already incorporated into the 2016-2019 Strategic Plan. The consequential action plan has been sent to the ECB in April 2017.

In February 2016, the ECB also launched an inspection on the subject of the "Management of distressed assets/bad loans*"*, as far as the Italian perimeter is concerned, for which the inspection stage at UniCredit was concluded in May 2016. In November 2016 UniCredit received from the ECB notice of the findings emerged following the said investigation. In particular the ECB highlighted possible areas for improvement with regard to organisation, classification, monitoring, recovery, provision policy and management of guarantees, and advised UniCredit to continue with the activities – that the supervisory authority deems essential – already undertaken to remedy the findings. In December 2016, UniCredit sent the ECB its action plan, which contains the following: (i) the measures it intends to implement in order to remedy the shortcomings identified during the inspection and (ii) the deadline for achieving the objectives agreed on with the ECB. The action plan, made up of a series of activities which, for the most part, will be implemented during 2017, will be concluded by June 2018.

In June 2016, the ECB launched an investigation into "Market Risk" models, which was concluded at the end of July 2016. In March 2017 UniCredit was notified of the findings of the inspection and, on 14 April 2017, delivered the action plan to ECB.

In September 2016, ECB started an inspection on "*IRRBB management and risk control system"* and another one on "*Governance structure and business organization of the foreign branches"* of UCB AG concerning the UCB AG branches in London, New York, Milan, Hong Kong and Singapore.

These two inspections have respectively been concluded in March 2017 and April 2017. The final results have not yet been notified.

In addition, in November 2016, the ECB launched an inspection into "Governance and Risk Appetite Framework" and another into the "Business Model and Profitability – Funding transfer price". The above-mentioned two inspections have respectively been concluded in Februrary 2017 and March 2017. The final results have not yet been notified.

In February 2017, the Bank of Italy launched an inspection on "Transparency" of UniCredit Italian Branches, as well as another inspection on "Governance, Operational Risk, Capital and AML" of Cordusio Fiduciaria S.p.A. Both inspections were concluded in April 2017. The final results have not yet been notified.

In March 2017, the ECB announced an inspection related to "Collateral, provisioning and securitization" of the Group. The inspection was launched in April 2017.

In March 2017, the Bank of Italy announced an inspection related to "Procedures to determine and enhance customer due diligence in respect of PEPs" of all the Italian banking companies of the Group.

In May 2017, the ECB provided UniCredit with the results of the Thematic Review of the risk data aggregation capabilities and the risk reporting practices based on BCBS239 principles. The ECB found certain shortcomings, including inter alia governance and data reconciliation, at the UniCredit Group level and required UniCredit to provide by the end of September 2017 an action plan to address the ECB's findings.

In December 2009, the AGCM launched proceedings against UniCredit Banca di Roma S.p.A. (now UniCredit), relating to alleged unfair commercial practices with regard to the application of regulations concerning simplified mortgage cancellation. The AGCM then extended the proceeding to another Group company, UniCredit Family Financing Bank S.p.A. (now UniCredit). In May 2010, the proceeding concluded, imposing a monetary administrative fine of €150,000 on UniCredit Banca di Roma S.p.A. alone. This fine was appealed at the Regional Administrative Court ("**TAR**") which; in February 2017, rejected the appeal. In May 2017, Unicredit appealed to the Italian Council of State against the above judgment of the TAR of Lazio; the appeal is still pending as at the date of this Prospectus.

In February 2010, the AGCM launched proceedings against UniCredit Banca di Roma S.p.A. (now UniCredit), relating to alleged unfair commercial practices with regard to the ending of current account relationships. The proceedings in question led, in July 2010, to the imposition of a monetary administrative fine of €50,000. This fine was appealed at the TAR. As at the date of this Prospectus, the proceeding is still pending.

In August 2011, the AGCM requested information and then opened a proceeding against UniCredit and Family Network Credit S.p.A., a Group company, relating to alleged bad business practices in relation to a flyer designed to promote their range of loans. In September 2011, written arguments were submitted to the AGCM, meeting the requests made. In November 2011, the AGCM imposed monetary administrative fines of €70,000 and €50,000 respectively. UniCredit and Family Credit Network (which later merged into UniCredit) appealed at the TAR against the AGCM's fine. As at the date of this Prospectus, the proceedings are still pending.

In December 2012, the AGCM launched proceedings against UniCredit, at the same time requesting information relating to alleged unfair commercial practices with regard to the publicity campaigns involving the "Conto Risparmio Sicuro" deposit account. The proceedings led, in July 2013, to the imposing of a monetary administrative fine of €250,000. UniCredit

appealed at the TAR against the AGCM's fine. As at the date of this Prospectus, the proceedings are still pending.

In April 2016, the AGCM announced the extension to UniCredit (as well as to another ten banks) of the I/794 ABI/SEDA proceedings launched in January 2016 with regard to the ABI, aimed at confirming the existence of alleged concerted practices with reference to the SEDA. In July 2016, the ABI and the Banks submitted a behaviour undertaking proposal to try and resolve the problems revealed by the AGCM at the launch of the proceedings, undertakings which, however, were rejected by the AGCM in August 2016.

On 28 April 2017, the AGCM issued a final notice whereby it confirmed that the practices carried out by the ABI, UniCredit and the other banks in connection with the adoption of the SEDA service model of compensation constituted an anti-competitive practice and therefore a violation of European competition regulations. With such notice, the AGCM ordered the parties to cease the infringement, submit a report evidencing the relevant measures adopted by 1 January 2018 to the AGCM, and refrain from enacting similar practices in the future. Given the fact that the infringements were minor in light of the legislative framework, the AGCM did not impose any monetary or administrative sanctions against UniCredit (or the other ten banks) also in consideration of the fact that, in the course of the proceeding, the ABI and the banks proposed a redefined SEDA service remuneration model which, if correctly implemented by the banks, is expected to decrease the current SEDA costs by half, which benefits the enterprises utilizing the service and, ultimately, the end-users of the utilities.

In connection with the proposed new remuneration model for the SEDA service, two possible further risk factorscan be envisaged, namely: (a) the economic risk relating to possible lower earnings from the service, given that the proposed new remuneration structure is expected to involve lower levels compared to the current ones; (b) the economic risk relating to the costs of the adjustment of the IT procedures that will be necessary for the new remuneration structure. In addition, in light of the AGCM final notice, there is also the risk of claims against UniCredit in civil court by parties seeking damages for anti-competitive behaviour.

In May 2016, the AGCM initiated proceedings with regard to UniCredit, at the same time requesting information aimed at confirming two potentially unfair commercial practices involving the application methods of the calculation mechanism for retail loans of the nominal annual interest rate for variable rate property loans indexed to the Euribor for the purchase or restructuring of a property. Between June 2016 and October 2016, UniCredit responded to the request for information and documents drawn up by the AGCM and presented and consolidated its behaviour undertakings in order to resolve the problems highlighted by the AGCM during the launch of proceedings and, if accepted by the AGCM, to allow the closing of the proceedings without establishing the infraction. In the provision sent to UniCredit on 23 December 2016, the AGCM resolved to end the proceedings without confirming an infraction and therefore they did not impose sanctions, making the above-mentioned behaviour obligations mandatory. This involves about 442,000 relations with customers of UniCredit.

In April 2017, the AGCM launched proceedings against UniCredit (and to two more banks), at the same time requesting information, relating to alleged commercial practice concerning the compound capitalization of interest (so called anatocismo). At the date of this Prospectus the proceeding are still pending.

In April 2017, the AGCM extended to UniCredit (and to one other bank) the proceeding, in January 2017, against IDB S.p.A. and IDB Intermediazioni S.r.l., requesting for information. The proceeding refers to an alleged unfair commercial practice relating to investments in diamonds and an alleged infringement of the consumers' right of withdrawal and the alleged use of ambiguous language in the standard purchase forms regarding the competente court in the event of a dispute. At the date of this Prospectus the proceedings are still pending.

Germany

In Germany various authorities exercise supervisory activities over UniCredit Bank AG ("**UCB AG**").

The main authorities are the German Federal Financial Supervisory Authority ("**BaFin**") and the German Central Bank ("**Bundesbank**"), and from 4 November 2014, responsibility for Banking Supervision was transferred from BaFin to the ECB under the scope ofSSM.

If there are any findings during the inspections conducted by these authorities, UCB AG will implement the corrective measures in compliance with the mitigation plans and the time scales agreed with the authorities and provide these authorities with information about the implementation status of the corrective measures on a quarterly basis or when requested.

In 2013 UCB AG was contacted by the U.S. Commodity Futures Exchange Commission, the UK Financial Conduct Authority ("**FCA**") and BaFin under the scope of an investigation aimed at verifying a possible market manipulation of exchange rates ("**FX**"), specifically the benchmark FX rate published by Reuters. UCB AG launched an internal investigation conducted by the Internal Audit Department of UCB AG; this investigation did not reveal any evidence of involvement by UCB AG in the manipulation of the benchmark FX. At the date of this Prospectus, UCB AG did not have further requests from the authorities involved.

In 2015 the ECB conducted three inspections at UCB AG involving (i) the Compliance function of UCB AG with regard to the requirements of the risk management regulations ("**MaRisk**"); (ii) the "Credit risk management the loanportfolio" of Financial Institutions, Banks and sovereign entities ("**FIBIS**"); and (iii) the "Quality of internal and external reporting".

Specifically, with regard to the inspection of the UCB AG Compliance function aimed at checking the operation and adequacy of internal procedures, processes and resources employed (MaRisk), UCB AG prepared a mitigation plan and sent it to the ECB. It is being monitored by the latter on a quarterly basis. At the date of this Prospectus the findings were implemented with one exception, for which mitigation actions were launched and will be completed in compliance with the action plan by the second quarter of 2017.

With regard to the inspection on the "Management of credit risk in the FIBS portfolio – upstream loans" – aimed at verifying the adequacy of the organisational structure, internal

procedures and processes, as well as the management of the credit risk of the FIBIS portfolio for the sound and prudent management of the credit institution – the ECB disclosed its findings, three of which have yet to be concluded at the date of this Prospectus. The mitigation actions will be completed, in compliance with the action plan, by 2017.

Lastly, as far as the "Quality of internal and external reporting" is concerned, the ECB looked into the Financial Reporting Framework ("**FINREP**") and the Common Reporting Framework ("**COREP**"). At the date of this Prospectus the findings were implemented with one exception, for which mitigation actions were launched and will be completed in compliance with the action plan by the second quarter of 2017.

In 2016, the ECB conducted two inspections involving (i) the "Management of the Corporate Portfolio" of UCB AG and (ii) the "Governance and business processes in UCB AG foreign branches". With respect to the latter, the inspection was concluded in December 2016, as at the date of this Prospectus the final results have not yet been notified.

With regard to the inspection of (i) UCB AG's corporate portfolio management the "Management of the Corporate Portfolio" of UCB AG – aimed at verifying the adequacy of the organisational structure, internal procedures and processes, as well as the management of the credit risk of the Corporate portfolio for the sound and prudent management of the credit institution – the ECB disclosed six findings, one of which was concluded as at the date of this Prospectus. With regard to the remaining five findings, UCB AG will complete the mitigation actions in compliance with the action plan by the first quarter of 2018.

Poland

Under the scope of its activities, Bank Pekao is subject to normal supervisory activities: inspections, controls and investigations or assessment proceedings by various supervisory authorities including in particular: (i) the Polish Financial Supervisory Authority ("**PFSA**"); (ii) the competition supervisory authority, for the protection of competition on the market and collective consumer rights ("**UOKiK**"); (iii) the personal data protection supervisory authority, for the collection, processing, management and protection of personal data ("**GIODO**"); and (iv) the competent authorities for preventing and combating money-laundering and terrorist financing.

The following administrative proceedings were launched:

- antitrust proceedings against the operators of the Visa and Europay systems, as well as the Polish banks that issued Visa and MasterCard credit cards, connected to the alleged joint establishment of interchange fees to the detriment of competitors in the Polish market of the operators. UOKiK deemed this practice to restrict competition within the key market and required the banks to stop using them, also imposing fines. The fine imposed on Bank Pekao was equal to approximately PLN 16.6 million (roughly €3.7 million); the bank appealed against this fine. On 12 November 2008, the Anti-Monopolies Court revoked UOKiK's decision. The latter later counter-appealed the decision of the Anti-Monopolies Court at the Court of Appeal, which on 22 April 2010 overturned the decision and the case was referred once more to the Anti-Monopolies

Court for review. On 8 May 2012, the Anti-Monopolies Court suspended proceedings until the final resolution of the question regarding Mastercard's appeal against the European Commission's decision of 19 December 2007. As a result of Bank Pekao's complaint, on 25 October 2012 the Court of Appeal revoked the decision to suspend the proceedings. Through the ruling of 21 November 2013, the Anti-Monopolies Court reduced the fine imposed on Bank Pekao from Złoty 16.6 million to Złoty 14 million (equal to around €3.1 million). On 7 February 2014, Bank Pekao appealed against this fine and the appeal was rejected by the decision of the Court of Appeal of 6 October 2015, which upheld the counter-appeal made by UOKiK and reinstated the fine originally imposed on Bank Pekao. In April 2016 Bank Pekao appealed to the Supreme Court. On 4 April 2017, the Supreme Court decided to accept Bank Pekao's cassation for hearing. The date of the hearing was not established so far. At the date of this Prospectus, the proceedings are pending;

- proceedings of UOKiK relating to compliance with the regulations protecting consumers for communication methods for updating the Credit Bureau ("**BIK**") with data on funded parties. In December 2012 a fine of Złoty 1.8 million (equal to approximately €450,000) was imposed on Bank Pekao. In January 2013, Bank Pekao appealed to the Anti-Monopolies Court. By the verdict of 24 February 2015, the Anti-Monopolies Court dismissed the appeal of Bank Pekao against this fine but the appeal was rejected in February 2015. Bank Pekao appealed such verdict of the Anti-Monopolies Court. On 23 January 2017, the Appeal Court in Warsaw issued a verdict by which – in line with the Bank Pekao's appeal – cancelled the fine in amount PLN 1.8 million. The verdict is valid but UOKiK has the right to file a cassation to the Supreme Court;

- administrative proceedings launched with regard to Bank Pekao following the decision against UOKiK of 4 August 2015 for alleged exclusion of the negative LIBOR from the interest on loans made in Swiss currency. In compliance with UOKiK's decision issued in April 2016, Bank Pekao complied with the decision and recalculated the interest based on the negative LIBOR and made the consequent repayments to customers providing appropriate information to the same;

- administrative proceedings launched following UOKiK's decision of 30 December 2015 for the alleged unilateral amendment of the rules and amounts of current accounts in violation of the interests of consumers. As at the date of this Prospectus, the process is still in progress and the date envisaged for the conclusion of the process is 30 August 2017;

- Bank Pekao involved with UOKiK in numerous information processes. These processes have the aim of analysing market operations of businesses and are not intended in particular against Bank Pekao or any other company;

- administrative proceedings launched on 23 September 2016, by the General Inspector of Financial Information ("**GIIF**"), about the obligations imposed by law on anti-money laundering and combating the funding of terrorism in relation to: (i) the

timetable for recording transactions and (ii) compliance with the requirements relating to the acquisition of documents and information about customers by the branches. Following the initiation of the proceedings, Bank Pekao sent its own findings to the GIIF, which, on 1 December, 2016, extended the deadline for the conclusion of the proceedings to 31 December 2016. In the end of December 2016, the Bank received decision imposing fine in the amount of PLN 200.000 (equal to approximately €46,000). Bank decided to not appeal. Fine was paid on 9 January 2017.

- administrative proceedings launched on 3 October 2016, by the GIIF, involving the obligations under anti-money laundering laws and laws combating the funding of terrorism in relation to (a) non-compliance with the requirement to record transactions and (b) sending to the GIIF documents relating to transactions after the legally-required deadlines. Following the launch of the proceedings, Bank Pekao sent its findings to the GIIF, objecting to the Bank having to conform to the above-mentioned registration requirements. On 27 December 2016, Bank Pekao received the permission from the GIIF for extending the deadline for the conclusion of the proceedings until 20 February 2017. On 21 February 2017, Bank Pekao received decision imposing fine in the amount of PLN 5.000 (equal to approximately €1,200). Bank Pekao is not going to appeal.

Austria

UCB Austria is subject to regulation by the CRR and the Austrian Consolidated Banking Act (*Bankwesengesetz*, BWG) which transposes the CRD IV into Austrian law.

From 4 November 2014, responsibility for banking supervision was transferred from the Financial Market Authority (*Finanzmarktaufsicht* – "**FMA**") to the ECB under the scope of the SSM.

Between December 2012 and February 2013, the Austrian Central Bank ("**OeNB**") and the FMA conducted a joint investigation with regard to the loan portfolio of UCB Austria and several subsidiaries. The main objective of this initiative was to check the progress of the action plan prepared following a previous investigation conducted in 2010 into the same subject. The intervention found that UCB Austria, in spite of implementing suitable mitigation actions, did not conform to the expectations of the supervisory suthority with regard to the availability and quality of data, credit risk parameters and Group standards. Therefore, following the conclusion of the OeNB and FMA intervention, UCB Austria submitted a plan for the implementation of further corrective measures. The mitigation actions required involve: (i) human resources in the areas of operational and strategic management of credit risk; (ii) the implementation of important Group/standard regulations for the management of credit risk in Group companies operating in CEE countries; (iii) the risk parameters in Group companies operating in CEE countries; (iv) country limits; and (v) reporting on credit risks, and they were all correctly implemented, although the mitigation actions relating to certain findings involving Group standards were implemented after the deadline agreed in the plan.

In relation to the compliance function of UCB Austria, in 2012 the FMA conducted an inspection into the provisions of the Sanctions Act § Foreign Exchange Act. Following this, 16

findings were drawn up – relating to the inadequacy of human resources, documentation and IT systems within the structure dealing with financial sanctions – which have been concluded in full in compliance with the plan, with the exception of one. With regard to the corrective measures involving the comprehensiveness of the documentation about customers, they are being implemented and will be concluded by the end of 2017.

At the end of 2014, the OeNB launched an on-site investigation into the management of participatory risk. Activities were concluded in December 2014 and in March 2015 the report was published, which highlighted findings of a methodological nature in four main areas – adequacy of UCB Austria's capital at an individual level, methodological aspects of the ICAAP model, determining the price of intra-group funds and management of the results for CEE subsidiaries. UCB Austria prepared an action plan and sent it to the OeNB in April 2015. At the end of 2015, following the recommendations drawn up by the ECB which confirmed the findings of the OeNB, UCB Austria made changes to the action plan previously agreed. The mitigation actions requested involved the findings with regard to capital adequacy, methodological aspects of the ICAAP model and determining the price of intra-group funds, and were correctly implemented in compliance with the plan agreed with the ECB.

In March 2015, the ECB delegated an inspection to the OeNB of the risks relating to FX retail loans. This inspection was concluded in June 2015 and the findings were issued in October 2015, confirming the existence of an action plan undertaken by UCB Austria which the ECB was notified of. The status of the actions is reported to the ECB on a quarterly basis. All the mitigation actions aimed at, among other things, the stress testing methods, the FX retail loans strategy, FX portfolio reporting and communications with customers, were implemented in compliance with the plan.

From September 2015, the FMA conducted a check into the "Real Invest Austria" real estate investment fund with regard to the bank's custodian role performed by UCB Austria. The latter received the findings of the inspection in July 2016 and submitted its response to the findings relating to documentation and internal processing of real estate transactions, including a finding on the potential violation of the law involving compliance with the specific criteria to follow for real estate purchases by the custodian bank. In the meantime all the mitigation actions were implemented in a positive manner in compliance with the plan, and the FMA has been notified.

Other countries

The other banks operating in countries where the Group has a presence are subject to normal regulatory activities: inspections, checks and investigations or assessment procedures by the various local supervisory authorities. Depending on the country, the authorities carry out regular checks on the activities and financial status of the various Group entities with differing frequencies and using different methods. Upon the outcome of these checks, the relevant supervisory authorities can impose the adoption of organisational measures and/or impose fines.

Turkey

Following the inspection launched in November 2011 with regard to Yapi ve KrediBankası A.Ş. ("**YKB**") and other eleven Turkish banks, in March 2013 the Turkish AntiTrust Authority ("**TCA**") announced that it was imposing monetary administrative fines on these banks for the alleged violation of Turkish law on protecting competition. The amount of the fine imposed on YKB came to TRY 149,961,870 (equal to over €63 million). Despite YKB believing it had acted in compliance with the law, in August 2013 the bank benefited from the reduced early payment of the fine pursuant to Turkish law of TRY 112,471,402 (equal to 75 per cent. of the administrative fine imposed and equal to approximately €50 million). In September 2013, YKB also appealed against the TCA's decision asking for it to be annulled and also asking for its advance payment to be returned. Following the rejection of the appeals made by YKB, respectively in March 2015 and April 2015, in August 2016 YKB submitted a further appeal which, at the date of this Prospectus, is still pending.

In addition, in September 2016 following an investigation launched on account of the alleged violation of consumer protection laws under the scope of several transactions that took place in 2011, the Turkish Ministry of Customs and Trade imposed an administrative fine of TRY 116,254,138 (equal to approximately €31 million) on YKB. In September 2016, YKB benefited from the reduced early payment of the fine pursuant to Turkish law of TRY 87,190,604 (equal to 75 per cent. of the original fine and equal to approximately €23 million) and in October 2016 it appealed against the fine asking for its advance payment to be returned. As at the date of this Prospectus, the proceedings are still pending.

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For the sake of completeness, UniCredit reports that as part of the internal rating models authorised for calculation of capital, during 2016 the ECB started a revision operation, known as TRIM (Target Internal Review Model), having the aim of guaranteeing their adequacy and comparability, in light of the elevated fragmentation of IRB systems in use at the various authorised banks with the consequent variability of measuring capital requirements.

The risks affected by such revision were not only credit risk, but also counterparty and market The Target Internal Review Model is expected to continue until 2018 and will be divided into two phases: Institution Specific Review in 2016 and Model Specific Review in 2017-2018.

As at the date of this Prospectus the first phase (Institution Specific Review) was at the completion stage, during which, with reference to credit risk, UniCredit filled out two specific questionnaires:

- General Topics Survey, on the governance of authorised internal models of IRB Ratings;
- Model Map Prioritisation, covering 5 High Default portfolios selected by the regulator based on materiality criteria.

Solely for credit risk, as communicated, the first phase will complete in the first quarter of 2017 with the completion of supervisory expectations, or ECB guidelines for compliance with the CRR guidelines, which will then be subject to benchmarking with other UniCredit competitors.

The second phase of TRIM will concern the two-year period 2017-2018 and will focus on High Default Portfolio Models in 2017 and Low Default Portfolio Models in 2018.

During 3Q17-4Q17, UniCredit will be concerned with on-site inspections on specific internal high default models selected for the purpose of revision.

Other pending tax cases

During 2015 and the first quarter of 2016, UniCredit, on its own behalf and in its capacity as the incorporating company and/or holding company, as the case may be, of various companies of the Group, was served with some notices of assessment related to taxes, interests and sanctions.

The key assessments are those which relate to:

1. withholding tax allegedly not withheld on interest paid in relation to financial instruments of debt issued in order to strengthen the capital base for the tax year 2009, for a total of around €40 million; in May 2015 the assessments were settled with the payment of €17.7 million for tax and accessory items;

2. withholding tax allegedly not withheld on interest paid in relation to financial instruments of debt issued in order to strengthen the capital base for the tax year 2010, for approximately €15.1 million (related only to taxes): a tax investigation was carried out by the Italian Tax Police which ended in July 2015; in November 2015 the claims were settled with the payment of €17.8 million for tax and accessory items;

3. substitute tax on medium and long term financings for the tax years 2010 and 2011 and registration tax for the tax year 2009, for a total amount of €22 million for tax and accessory items; the amount of the pending litigations is currently equal to €18 million since the tax authorities have declared null and void certain assessments;

4. increased IRES and IRAP for the tax years 2007, 2008 and 2009, regarding Pioneer Investment Management SGRPA, for challenges in relation to transfer pricing for a total amount equal to €80 million for IRES only; the assessment concerning the year 2007 was settled by conciliation with the payment of a total amount of €20.6 million, while the claim amounted to €35.5 million; the assessments concerning the years 2008 and 2009 were appealed to the competent provincial tax commission and the judgments are still pending. At the end of December 2015, a notice of assessment for IRES relating to the year 2010 was notified to Pioneer Investment Management SGRPA, for a total amount of €14.3 million for IRES only, no penalties were claimed; the assessment concerning the fiscal year 2010 was settled with the total payment of €6.1 million;

5. increased IRES and IRAP for the tax year 2009 regarding Finecobank Banca Fineco S.p.A. due to costs which were claimed by the revenue agency to be non-deductible, for a total amount equal to €2 million (including taxes, interest and penalties). The notices of assessment were appealed to the competent provincial tax commission and in May 2016 the assessment was settled with the payment of € 0.2 million;

6. increased IRES and IRAP for the tax years 2010 and 2011 regarding Finecobank Banca Fineco S.p.A., due to costs which were claimed by the revenue agency to be non-deductible, for a total amount of €8.3 million (including taxes, interest and penalties); in May 2016 the assessments were settled with the payment of €0.24 million for 2010 and €0.18 million for 2011;

7. increased IRES for the year 2010 relating to UniCredit Factoring S.p.A. regarding alleged violations with respect to write-downs of loans and receivables and deduction of losses on loans, for a total amount of €6.3 million for taxes, penalties and interest: the assessment was settled with the payment of a total amount of €3.9 million;

8. higher registration tax for 2013 relating to UniCredit regarding disputes over the alleged higher taxable value arising from the sale of a business unit, for a total claim of €0.8 million for taxes, penalties and interest: the assessment was settled for a total amount of €0.4 million;

9. increased IRES and IRAP for the tax year 2009 regarding Unicredit Banca di Roma S.p.A. and UniCredit Private Banking S.p.A. for challenges in relation to transfer pricing for a total amount, as to tax and accessory items, equal to €1.1 million;

10. higher VAT allegedly due by UniCredit Leasing S.p.A. for the fiscal year 2010 for a total amount of €1.8 million (including higher tax, interest and penalties). The company decided to file a claim with the tax court and the litigation is pending; and

11. other disputes regarding Italian subsidiaries or incorporated entities, for a total amount of around €2.3 million.

In relation to the above mentioned assessments, the necessary measures have been taken, promptly challenging such assessments before the competent tax courts and/or filing appropriate requests for settlement.

Although UniCredit believes the risks due to the above mentioned assessments are minimal, it has nonetheless made the appropriate provisions to cover such potential liabilities.

At the end of February 2015, UniCredit received, in its capacity as incorporating company of UniCredit Banca di Roma S.p.A. and of Banco di Sicilia S.p.A., the latter being the transferee of the assets and liabilities of Sicilcassa S.p.A., six notices of liquidation (avvisi di liquidazione) for registration tax for the tax years 2012 and 2013, for a total amount of €23.3 million of which €8.4 million is attributable to UniCredit. The notices of liquidation were appealed to the competent provincial tax commission. At the end of the first instance trials, the notices of liquidation were partially cancelled for a total amount of €15.3 million. In 2016, appeals have been filed with the second degree tax court. During the first quarter of 2016 UniCredit was notified with a notice of liquidation for an amount of €6.3 million relating to taxes only, which was appealed to the competent provincial tax commission; the judgment is still pending.

As concerns withholding tax allegedly not withheld on interest paid in relation to financial instruments of debt issued in order to strengthen the capital base, a tax investigation for the tax

years from 2011 to 2014 was carried out by the Italian Tax Police, which ended in April 2016. The claims amount to €11.9 million; no notice of assessment has been received yet.

PRINCIPAL SHAREHOLDERS

As at 8 June 2017, UniCredit's share capital, fully subscribed and paid-up, amounted to €20,880,549,801.81, comprising 2,225,945,295 shares without nominal value, of which 2,225,692,806 are ordinary shares and 252,489 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 8 June 2017, according to available information, the main shareholders holding, directly or indirectly, a relevant participation in UniCredit were:

Major Shareholders	**Ordinary Shares**	**%owned[(1)]**
Capital Research and Management Company	112,889,777	5.072[(2)]
Aabar Luxembourg S.a.r.l.	112,141,192	5.038
Norges Bank	69,053,092	3.102

(1) On ordinary share capital at the date of 8 June 2017.
(2) Non-discretional asset management.

Article 120, paragraph 2, of the Financial Services Act, as a consequence of Legislative Decree No. 25/2016, sets forth that holdings exceeding 3 per cent. of the voting capital of a listed company shall be communicated to both the latter and to CONSOB.

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. Shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates, on the other hand, must not be taken into consideration.

No individual or entity controls UniCredit within the meaning provided for in Article 93 of the Financial Services Act, as amended.

MATERIAL CONTRACTS

The terms and conditions of the main contracts agreed by UniCredit or by Group companies in the two years prior to the date of this Prospectus, which do not come under the normal course of business and/or which involve significant obligations and/or rights for UniCredit and for the Group are illustrated below.

Agreements relating to the Project Fino

As part of the plan to reduce the non-core portfolio called for in the 2016-2019 Strategic Plan, on 13 December 2016, UniCredit signed two separate Framework Agreements, respectively with FIG LLC, an affiliate company of the Fortress Investment Group LLC, and with PIMCO, a subsidiary of the PIMCO BRAVO Fund III, L.P., to transfer the non-performing loans to FIG LLC and PIMCO. On 30 December 2016, FIG LLC, in conformity with the provisions of the Framework Agreement, replaced Fortress in contractual relations resulting from the Framework Agreement.

Each Framework Agreement places binding obligations on UniCredit and the respective investors to negotiate and finalise the contractual documentation necessary for implementing the "Fino Project" under the scope of "phase 1" (as explained in more detail later on), the sale of the loan portfolios through the realisation of separate securitisation transactions on the basis of the contractual principles, essential terms and guidelines identified in each Framework Agreement as well as the draft sales agreements agreed between the parties. Each Framework Agreement in particular identifies the individual portfolios being sold to each investor, governs the obligations and commitments (as well as the related terms and conditions) of the parties with regard to "phase 1" of the "Fino Project". With specific reference to "phase 2" of the "Fino Project" UniCredit and the respective investors have, pursuant to each Framework Agreement, agreed the guidelines, policies and mutual collaboration commitments in the potential structuring of "phase 2".

Specifically, "phase 1" involves the commitment by the parties to the agreement, to execute, respectively, a securitisation transaction with a single sector to execute the agreement with PIMCO and a multisector securitisation transaction to execute the agreement with Fortress. Each Framework Agreement provides that the transaction will be implemented through the creation of one or more special purpose vehicles ("**SPVs**") pursuant to Law No. 130 of 30 April 1999, as amended, which will acquire the impaired loans being sold as indicated in each Framework Agreement. Pursuant to each Framework Agreement, save as otherwise agreed by the parties or if required by applicable law, neither UniCredit nor any investor may hold or purchase units of the share capital of the SPV.

Each SPV will acquire the impaired loans with proceeds from issuance of the asset-backed securities (the "**ABS**"), which will be subscribed for by UniCredit as well as, depending on the respective SPV, by PIMCO and Fortress. In particular, the consideration due to UniCredit by each SPV for the transfer of each portfolio will be offset by the respective SPV on the date of issue of the related ABS (i) with the amount UniCredit owed the SPV as subscription price of the ABS by UniCredit, (ii) in cash through the funds received by investors by way of payment of part (in the proportion and according to the mechanism specified below) of the subscription price of the ABS that the same investors subscribed for; and (ii) by way of a transfer by the respective SPV to UniCredit of the claim made by the same SPV against the investors (including any affiliated or controlling entities) as deferred payment of part of the subscription price of the ABS that the same investors subscribed for and that has not been paid in cash to the SPV on the date of issue of the ABS (in the proportion and according to the mechanism specified below).

Each Framework Agreement provides – for the purpose of financing the purchase of each loan portfolio sold in "phase 1" - for the issuance by each SPV of three classes of ABS, in the context of each securitisation: the class A Notes, the class B Notes and the class C Notes. The repayment of the class A Notes will occur prior to the repayment of the class B Notes and the class C Notes; the repayment of the class B Notes will occur after the repayment of the class A Notes but prior to the repayment of the class C Notes; the repayment of the class C Notes will occur after the repayment of the class A Notes and the Class B Notes. Each investor and UniCredit undertook to subscribe for, at a subscription price equal to 100 per cent. of the nominal value of the ABS, respectively 50.1 per cent. and 49.9 per cent. of each class of ABS issued by the SPV in relation to each securitisation[12]. At the date of this Prospectus the interest rates that will accrue on the ABS have not been defined and there are no guarantees expected to guarantee the repayment of the ABS. Pursuant to each Framework Agreement, the parties have agreed the main terms of the order of priority of the payments by each SPV of the sums from the recoveries and collections made in relation to each loan portfolio subject to securitisation. In any event, this order of priority remains subject to the final definition by UniCredit and the investors.

Moreover, further classes of ABS that UniCredit will entirely subscribe might be issued in order to fund certain cash reserves in the context of each securitisation transaction. At the date of this Prospectus the terms and conditions of the issue and subscription by UniCredit of further classes of ABS have not been defined.

Each securitisation transaction completed in fulfilment of the Framework Agreement will be governed by typical securitisation transaction agreements and, *inter alia*, the transfer agreement, the master servicing agreement, the inter-creditor agreement, the subscription agreement of the ABS, the mandate agreement, the agency and accounts agreement, the terms and conditions of the ABS and the rules of organisation of the noteholders, the shareholders' agreement of each SPV and the corporate services agreement, the key terms of which have been agreed by the parties in the respective Framework Agreement. Following the issue of the ABS in the context of "phase 1", the parties have agreed that the above-mentioned securitisation agreements will exclusively regulate relations between the parties in the context of the securitisations, with the provisions of the Framework Agreement being withdrawn in the case of a conflict.

In particular, each Framework Agreement contains a draft of the transfer agreement, as agreed between the relevant parties, which includes the representations and warranties UniCredit has given in relation to any loan portfolio being transferred, together with the related indemnity for breaches of such representations and warranties.

[12] Pursuant to the Framework Agreement with Fortress, the subscription of the ABS is expected to be aimed, among other things, at allowing UniCredit to satisfy the requirements of maintaining a clear economic interest in the securitisation pursuant to the provisions of EU Regulation no. 575/2013 and the related implementation measures; pursuant to the Framework Agreement with PIMCO, the subscription of the ABS is expected to be aimed, among other things, at allowing the Issuer to satisfy the requirements of maintaining a clear economic interest in the securitisation pursuant to the provisions of EU Regulation No. 575/2013 and the related implementation measures, (EU) Regulation No. 231/2013 and the related implementation measures, (EU) Regulation 2015/35 and the related implementation measures and Section 15G of the U.S. Exchange Acts of 1934, as amended (codified at 17 C.F.R. § 246.1-246.22) and the U.S. regulations on risk retention as amended.

As far as the declarations and guarantees issued by UniCredit pursuant to the above-mentioned drafts are concerned, these representations and warranties cover, *inter alia*, the existence of the loans being transferred; the ownership of UniCredit of the loans being transferred and their transferability; and the validity and the existence of the warranties relating to the loans secured by a collateral. There are also plans that, if the declarations and guarantees issued by UniCredit with regard to each loan portfolio sold are not correct or truthful, UniCredit should compensate the SPV for the damage suffered through a maximum amount that ranges from 15 per cent. to 30 per cent. (depending on the securitisation) of the sale price of the loan to which the violation of the declarations and guarantees refers. As an alternative to the obligation to pay compensation, UniCredit Group may buy back its credit (with reference to the Framework Agreement with Fortress; this option to repurchase is subject to the fact that the alleged damage suffered by the respective SPV is above a given threshold) paying the repurchase price determined on the basis of the original price of sale of the relevant credit net of any collection made on such credit and plus any collection costs incurred up to the date of the repurchase to the relative SPV.

Each draft of the transfer agreement attached to the relevant Framework Agreement also provides for the possibility for UniCredit, subject to certain conditions, to repurchase claims transferred to the respective SPV. Specifically, UniCredit can exercise this buyback option if, among other things, UniCredit believes it is advisable to repurchase it for reasons of internal compliance or if there has been a request for compensation for damages regarding this loan or another claim or if the debtor has been successful in a dispute of the first instance at least involving the loan sold. The successful completion of the transfer is, instead, not conditional upon maintaining certain performance levels (*i.e*. the repayment of capital and interest by the relevant debtors) of the loans being transferred. The Framework Agreement with PIMCO, however, provides that the amount due from the respective SPV to UniCredit by way of purchase price of the related portfolio is offset by an amount equal to the higher of the collections relating to the portfolio between the valuation date of the portfolio (expected to occur on 30 June 2016) and the settlement date of the Notes (expected to occur by no later than 31 July 2017) (collections which will remain under the ownership of UniCredit) and €100 million. The Framework Agreement with Fortress, on the other hand, makes provision that the amount due from the SPV to UniCredit by way of the purchase price of the portfolios is paid *pro tanto* with a sum equal to the amount of the collections made on the portfolio between the valuation date of the portfolio (expected to be 30 June 2016) (collections which will remain under the ownership of UniCredit) and the issue date of the ABS (expected to be no later than 31 July 2017).

The drafts of the remaining documents mentioned above relating to the securitisation have not yet been agreed between the parties and they remain subject to further negotiation, pursuant to the principles and essential terms provided in each Framework Agreement. The key terms regarding these remaining documents and contained in each Framework Agreement do not include specific duties, commitments, representations or warranties to be given by UniCredit in favour of the respective SPV, nor specific indemnities that UniCredit will be expected to give.

The realisation of the securitisation transactions planned under "phase 1" of the "Fino Project" is subject to UniCredit obtaining the necessary authorisation from the competent corporate bodies (including the Board of Directors) and the related disclosure obligations of the ECB relating to the disposal of loans in order to comply with the requirements of the CRD IV Regulation in relation to the significant risk transfer of the portfolios sold to each SPV[13] .

In this respect, it should be noted that as at the date of this Prospectus no notification has been sent to the respective SPV within the meaning of the "Public guidance on the recognition of significant risk transfer" issued by the ECB on 24 March 2016 concerning the intention of recognising the significant transfer of risk relating to the "Fino" portfolio.

With reference to "phase 2", to be achieved through the possible restructuring of the ABS and amendment of the contractual documentation of the "phase 1" securitisations on the other hand, the parties have preliminarily identified the guidelines and strategies aimed at regulating, among other things: (i) a progressive sale, including to third-party investors, by UniCredit of the ABS subscribed, in compliance with the requirements of maintaining a clear economic interest in the securitisation transactions[14] ; and (ii) the optimisation of the financial structure of the ABS issued as part of "phase 1", including obtaining a guarantee on the securitisations of the impaired loans ("**GACS**") from the Ministry of Economy and Finance. Note that the implementation methods of "phase 2" have not yet been definitively agreed by the parties and remain subject to further agreements between the parties on the basis of agreed guidelines and strategies in the respective Framework Agreements.

In addition, pursuant to the agreements with investors, there are plans (i) that 40 per cent. of the price of the ABS subscribed by each investor will be paid in cash at the issue date of the ABS and (ii) for a payment mechanism for the remaining 60 per cent.by the date which falls no later than 36 months for Fortress and 42 months for PIMCO after the issue date of the ABS (the **Deferred Subscription Price Mechanism**). The completion of "phase 1" is expected to take place by 31 July 2017 and it is subject to certain conditions precedent being satisfied by 30 June 2017.

These conditions precedent include, among others:

- with regard to the Framework Agreement with PIMCO: (i) the satisfying of all the conditions precedent and the assumptions indicated in the offer letter sent to UniCredit by PIMCO on 12 December 2016, regarding the portfolio described in the relevant Framework Agreement (*i.e. inter alia*, the granting of a guarantee by UniCredit for an amount of at least €100 million through collections by the date of the transfer) (or, if this is not the case, UniCredit must pay to the respective SPV an amount equal to the difference between €100 million and the collections actually realised); deferred payment of part of the subscription price of the ABS; closing of the transaction by 31

[13] On this issue we report that, pursuant to articles 243(2 and 3) and 244(2 and 3) of the CRD IV Regulation, realisation of the securitisation operations covered by phase 1 of the Fino Project was not subject to obtaining specific authorisation in relation to the significant transfer of credit risk. The Public guidance on the recognition of significant risk transfer, issued by the ECB on 24 March 2016 in fact requires originators with the intention of acknowledging the significant transfer of risk solely to notify the ECB rate at least three months prior to the date envisaged for conclusion of the associated transaction.

[14] It is expected that this sale under the scope of "phase 2" could also include tag along and drag along obligations.

July; agreement relating to the FINO Loan; all the agreements relating to the securitisation in a form that is satisfactory to PIMCO (including the agreements relating to the Deferred Subscription Price Mechanism); costs related to the establishment of the SPV to be borne by UniCredit; agreement relating to the servicing mechanisms of the portfolio between the valuation date and the date of the transfer – without prejudice to the fact that the offer letter shall be deemed as superseded by the Framework Agreement, as expressly provided in the Framework Agreement; (ii) the fulfilment by UniCredit of all its significant obligations pursuant to the Framework Agreement; (iii) the definition of the aforesaid agreements relating to the securitisation transaction and the agreements relating to the Deferred Subscription Price Mechanism and reflecting the commercial agreements in a form and substance satisfactory to the parties from time to time; and (iv) the obtaining by UniCredit of the necessary authorisations by the competent corporate bodies (including the Board of Directors);

- with regard to the Framework Agreement with Fortress: (i) the definition of the agreements relating to the securitisation transaction and the agreements relating to the Deferred Subscription Price Mechanism and reflecting the commercial agreements in a form and substance satisfactory to the parties from time to time, and (ii) the obtaining by UniCredit of the necessary authorizations by the competent corporate bodies (including the Board of Directors).

If the above-mentioned conditions precedent are not realized, the respective Framework Agreement will be understood as terminated. Specifically, if the failure to satisfy them is attributable to UniCredit, UniCredit should refund investors the costs and expenses incurred for carrying out the due diligence relating to the securitisation transaction or following the realisation of the above-mentioned conditions precedent up to a maximum amount of €5 million. As at the completion of the relevant securitisation transactions, the transfer of gross loans for a total amount of €17.7 billion will occur as at 30 June 2016. Pursuant to each Framework Agreement, one of the objectives of "phase 1" of "Fino Project" is the derecognition of the transferred portfolio. As prescribed by IAS 39, the transferred loans will be derecognized in the financial statements of UniCredit (i) once all the related risks and benefits have been transferred to independent third parties or (ii) once a sufficient part of the risks and benefits has been transferred, provided that UniCredit has not retained control over the loans included in such portfolio. As at the date of this Prospectus, UniCredit is assessing both the qualitative and quantitative criteria necessary to prospectively support the evaluation of the above-mentioned conditions in particular those referred to the Deferred Subscription Price Mechanism and the structure of the securitisation transactions contemplated by the Framework Agreements.

The analysis will be completed on the completion of the contractual documentation and could highlight the failure of the conditions set out by the reference accounting principle for the derecognition of the portfolio

Pursuant to each Framework Agreement, the offer letters sent by PIMCO and Fortress to UniCredit, respectively, on 12 December 2016 and 13 December 2016, about the portfolios

which are the subject of each Framework Agreement should be understood as superseded by these latest agreements.

Sale of PGAM's assets

On 11 December 2016, UniCredit signed a binding agreement (the "**Master Sale and Purchase Agreement**") with PGAM, a company wholly owned by UniCredit, and Amundi S.A. ("**Amundi"**) for the sale of PGAM's subsidiaries (the "**Pioneer Subsidiaries**") (the "**Sale**").

Pursuant to the Master Sale and Purchase Agreement, PGAM reserved the right to exclude the following from the Pioneer subsidiaries being sold: (i) Pioneer Pekao Investment Management S.A. (in which, as at the date of this Prospectus, PGAM owns 51 per cent. of the share capital); (ii) Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. (in which, as at the date of this Prospectus, PGAM indirectly owns 100 per cent. of the share capital via Pioneer Pekao Investment Management S.A.); and (iii) Pekao Pioneer Universal Pension Fund Company S.A. (in which, as at the date of this Prospectus, PGAM owns 35 per cent. of the share capital) (jointly defined as the "**Polish Subsidiaries"**). By means of a written notice dated 7 June 2017, UniCredit exercised its right to exclude the Polish Subsidiaries from the Sale.

The Master Sale and Purchase Agreement requires that, for the acquisition of the Pioneer Subsidiaries, Amundi will pay cash consideration (excluding the Polish Subsidiaries) of €3,545 million. In addition, the agreement provides for PGAM's right to proceed with the distribution of an extraordinary dividend of €315 million to be paid out before the closing of the Sale. Following the closing of the Sale, the consideration can be subject to adjustments linked to (i) the circumstance that the amount of the extraordinary dividend effectively distributed would be different from that proposed by the parties and specified above; (ii) specified corporate actions to be carried out by PGAM and/or by the Pioneer Companies (as defined below) for the establishment of a new company wholly and directly controlled by PGAM in China before the date envisaged for the closing of the Sale; (iii) the amount of revenue generated in relation to some assets under management of U.S. customers where the corporate actions that are expressly set out pursuant to the Master Sale and Purchase Agreement are not satisfied (including, first of all, obtaining the consent to the Sale requested by the respective related bodies) according to the calculation mechanisms provided by the Master Sale and Purchase Agreement; and (iv) the amount of any loss or cost of an extraordinary nature and any leakage, as defined pursuant to the Master Sale and Purchase Agreement (e.g. distributions, guarantees, payments of bonuses not related to the ordinary course of business and expenses of various kinds, as defined pursuant to the Master Sale and Purchase Agreement) that the Pioneer Subsidiaries that are part of the Sale had been involved in or would been involved in between 30 September 2016 and the completion date of the Sale.

In addition, when any of the grounds for terminating the Distribution Agreements (as defined below), expressly set forth in the Master Sale and Purchase Agreement occur, Amundi and PGAM, depending on the case, have the right, to obtain a reduction or an addition (not subject to a minimum and/or maximum) to the consideration paid for the sale, calculated on the basis of the revenues or economic advantages that each of the parties would have obtained in the

event that the relative Distribution Agreement had gone ahead. The Master Sale and Purchase Agreement provides for termination rights upon occurrence of the following events: (i) any breach by UniCredit or any Group companies of the obligations and/or undertakings provided for by the Distribution Agreements; (ii) any amendments of the Distribution Agreements following orders or decisions by the competent authorities, as identified pursuant to the Master Sale and Purchase Agreement; (iii) in relation with the Distribution Agreement executed by UCB Austria and Pioneer Investments Austria GmbH, the failure to reach an agreement relating to the amendments of specific contractual terms, including amendments relating to regulatory provisions issued by the relevant supervisory authority, in the absence of which the distribution and the offer of the instruments provided for in such contract would result in violation of the applicable laws and regulations.

The completion of the Sale is expected to take place by the end of the first half of 2017 and is subject to the satisfaction (or waiver) of certain conditions precedent pertaining to PGAM and Amundi (that should take place, in any case, within a maximum of 12 months from the signing of the Master Sale and Purchase Agreement).

These conditions precedent include, among other things: (i) the receipt of necessary approvals from the related supervisory, regulatory and antitrust authorities; (ii) the realisation of certain corporate actions with regard to operations in the U.S. and the receipt of certain authorisations/waivers from (a) certain companies connected to PGAM by a joint venture relationship and (b) the board of trustees of the U.S. funds' shareholders; and (iii) the signing of the Distribution Agreements (as defined in the following), namely, 10-year agreements for the distribution of asset management products, respectively, by UniCredit, UCB AG and UCB Austria and the Pioneer Subsidiaries operating in Italy, Germany and Austria.

In addition to the above conditions precedent, the Master Sale and Purchase Agreement requires that UniCredit, PGAM and Amundi provide market-standard representations and warranties.

The Master Sale and Purchase Agreement includes several all-encompassing indemnities from PGAM concerning any losses incurred by Amundi and from the Pioneer Companies as a result of the potential inaccuracy or the violation of any representations and warranties given by PGAM pursuant to the Master Sale and Purchase Agreement. This indemnity is limited to an amount equal to 10 per cent. of the consideration paid for the sale, with the exception of the indemnity for breaches of certain fundamental warranties (the "**PGAM Fundamental Warranties**"), which could reach 100 per cent. of the consideration paid for the sale. These Fundamental Warranties include those relating to: (i) corporate and legal status of UniCredit, PGAM and the Pioneer Companies, and (ii) disclosure of specified management actions occurring outside the ordinary course of business between 30 September 2016 and the date of execution of the Master Sale and Purchase Agreement.

Moreover, the Master Sale and Purchase Agreement provides for specific indemnity obligations (up to the amount of the sale price), in relation to certain losses that may be incurred by Amundi and the Pioneer Companies as result of: (i) proceedings and/or claims connected to specified cases in the Master Sale and Purchase Agreement; (ii) certain transfers

of infra-group assets and facts or events relating to the assets, liabilities, contracts and the interests of PGAM or of the companies controlled by PGAM and excluded from the sale, as defined pursuant to the Master Sale and Purchase Agreement; (iii) non-compliance with the applicable legislation in relation to the Pioneer Companies' activities as identified in the Master Sale and Purchase Agreement; and (iv) specified tax matters, including relating to fiscal proceeding and/or claims. In addition to the above, the Master Sale and Purchase Agreement provides additional general and standard indemnity obligations customary for this type of transaction (such as for fraud, wilful misconduct or gross negligence).

The Master Sale and Purchase Agreement also provides that UniCredit (i) is obligated to guarantee PGAM in relation to the full and timely fulfilment of all of PGAM's financial obligations pursuant to the Master Sale and Purchase Agreement; (ii) is responsible for PGAM's obligations under the agreement if it is not able, for any reason whatsoever, to meet its obligations; and (iii) waives any benefits, rights, exception or limitation to which it may be entitled pursuant to the Civil Code; provided that in no case the liability of UniCredit shall exceed the Sale price.

Lastly, pursuant to the Master Sale and Purchase Agreement, UniCredit has given an undertaking (i) not to carry out (or not to own shares in companies that carry out), directly or indirectly, any asset management activities in the territory in which the Pioneer Subsidiaries that are part of the Sale (with the exception of the territories in which the Pioneer Companies, which will not be subject of the Sale, will continue to operate, in which case only such subsidiaries should be subject to the same non-compete obligations) operate for a period of three years from the closing date of the Sale (with the exception of the circumstances expressly provided for in the Master Sale and Purchase Agreement); and (ii) not to prepare offers of employment aimed at the senior managers of the Pioneer Subsidiaries that are part of the Sale for a period of two years from the closing date of the Sale.

Pioneer Companies means UniCredit, PGAM and the Pioneer companies, including the companies directly and/or indirectly controlled subject to the Sale, as defined pursuant to the Master Sale and Purchase Agreement.

Distribution agreements

In the context of the Sale it is provided for that UniCredit, UCB AG and UCB Austria will sign separate distribution agreements with some of the Pioneer Companies (the "**Distribution Agreements**" and, each, the "**Distribution Agreement**").

Through the signing of the Distribution Agreements, the parties intend to establish and govern a commercial relationship aimed at the distribution to investors, by UniCredit, on a non-exclusive basis, of financial products of certain Pioneer Companies. The Distribution Agreements will have a term of ten years, subject to renewal for additional five-year periods, unless terminated by one of the parties. In addition, UniCredit, UCB AG, and UCB Austria may terminate the Distribution Agreements by written notification respectively to PGAM, Pioneer Investments Kapitalanlagegesellschaft GmbH and Pioneer Investment Austria GmbH, in the event of an insolvency event as described pursuant to each Distribution Agreement. In such case, the obligation provided by the Distribution Agreements of the respective parties will

cease to have any effect, subject to continued effectiveness of, *inter alia*, the provisions related to the compliance with the applicable rules, to the confidentiality, to the correspondence between the parties, the governing law, the competent jurisdiction, and the previous agreements entered into between the relevant parties will continue to have effect. Moreover, as noted above, upon the occurrence of certain termination events, the Sale price may be increased or decreased.

Specifically, the above-mentioned UniCredit Group companies will be obliged to reach certain contractually agreed market shares in terms of sales volumes each year, with the consideration calculated as a percentage of the management fees applicable to the financial products distributed.

Lastly, if the UniCredit Group companies that are part of the Distribution Agreements do not comply with certain obligations, they will be obligated, depending on the case and in any case in compliance with the applicable law, to pay their respective counterparties an indemnity equal to the lost earnings suffered by the same or to receive a reduced fee for the services rendered. Similarly, the failure by the relevant Pioneer Companies to comply with their commitments undertaken in the Distribution Agreements would cause a reduction of the sales volumes that the UniCredit Group companies are obliged to reach pursuant to the above agreements.

Sale of Bank Pekao

Agreement for the accelerated bookbuilding procedure

On 12 July 2016, UniCredit completed a sale to institutional investors by way of an accelerated bookbuilding of 26,200,000 ordinary shares, or 10 per cent. of total outstanding share capital, of Bank Pekao, for PLN 126 per share (equal to approximately €28.53 at the date that the transaction was completed). The settlement of the transaction occurred on 15 July 2016 and the total consideration was equal to approximately PLN 3.3 billion (equal to approximately €749 million at the date that the transaction was completed), not subject to price adjustment mechanisms. The transaction, which has not entailed the consolidation of the group headed by Bank Pekao, generated an overall positive change in consolidated shareholders' equity, equal to €203 million.

In the placement agreement with Morgan Stanley & Co. International plc., Citigroup Global Markets Limited, UBS Limited, Dom Maklerski Banku Handlowego Spólka Akcyjna and UniCredit Bank AG, Milan Branch (who acted as joint bookrunners), UniCredit gave market-standard representations and warranties.

UniCredit has also undertaken to indemnify and hold harmless, in accordance with the relevant provisions governing the compensation for damages pursuant to the applicable law, the joint bookrunners and their affiliates as well as their respective directors, officers, agents and employees controlling the joint bookrunners or any of their respective affiliates, from and against any and all damages, losses, claims or liability arising out of, *inter alia*, any breach or alleged breach by UniCredit of the representations and warranties or any failure or alleged failure by UniCredit to perform its obligations.

In the context of such transaction, UniCredit gave an undertaking not to dispose of further Bank Pekao shares for a period of 90 days from the transaction's settlement date.

Share Purchase Agreement

On 8 December 2016, UniCredit signed an agreement (such an agreement, as subsequently amended, the "**Share Purchase Agreement**") with Powszechny Zakład Ubezpieczeń S.A. ("**PZU**") and Polski Fundusz Rozwoju S.A. ("**PFR**") for the sale of an equity investment in Bank Pekao equal to approximately 32.8 per cent. of its share capital.

The price agreed for the sale of the above-mentioned stakeholding in Bank Pekao to PZU and PFR is PLN 123 (equivalent to approximately €28 at the exchange rate recorded on 8 December 2016) per share or PLN 10,589 million in total (equivalent to €2,377 million at the exchange rate on 8 December 2016) and equal to 1.42 times the shareholders' equity of Bank Pekao at 30 September 2016. The Share Purchase Agreement does not include price adjustment mechanisms, with the exception of the reduction of the sales price to the extent of the amount of dividends paid in favour of UniCredit and any financial outlays, as defined pursuant to the Share Purchase Agreement (e.g. distributions, payments, waivers in favour of UniCredit or its subsidiaries not agreed between the parties), in which Bank Pekao and its subsidiaries were/are involved in between 30 September 2016 and the completion date of the sale.

In addition, UniCredit agreed with PZU and PFR the sale of further equity investments in the Group Polish companies: Pioneer Pekao Investment Management SA, Pekao Pioneer PTE SA and Dom Inwestycyjny Xelion SP. Z O.O. (the only stake held directly by UniCredit), for a total price of approximately €142 million. On 1 June 2017, UniCredit entered into an agreement with Bank Pekao S.A. for the disposal of the abovementioned participations at the agreed total price. Closing of the transaction, subject to regulatory approval, is expected for the second half of 2017. As result of this transaction, Bank Pekao S.A. will be the sole shareholder of the afore mentioned companies.

The Share Purchase Agreement contains a set of market-standard representations and warranties granted by UniCredit, as seller.

In addition, if UniCredit breaches the representations and warranties as well as its obligations pursuant to the Share Purchase Agreement, the Issuer must pay PZU and PFR a certain sum as compensation or by way of the penalty clause depending on the case and pursuant to Polish law. The total aggregate amount of UniCredit liability arising in connection with a breach of a "Pekao Fundamental Warranty" is limited to the total amount equal to 100 per cent. of the overall price paid by PZU and PFR as consideration. The total aggregate amount of UniCredit liability for any and all claim arising in connection with a breach of the Representations and Warranties other than the "Pekao Fundamental Warranties" as well as of certain obligations pursuant to the Share Purchase Agreement is limited to the total amount equal to 15 per cent. of the overall price paid by PZU and PFR as consideration.

The Share Purchase Agreement also provides for certain indemnity obligations to be borne by UniCredit relating to Bank Pekao's CHF exchange rate exposure in connection with the CHF-denominated agreements entered into by Bank Pekao in the event of regulatory changes that may result in additional costs for the bank.

In addition to these obligations, the Share Purchase Agreement includes further restrictions, which apply from the 26th day after the date on which the conditions precedent are satisfied, or have been waived, until 31 December 2019, pertaining to UniCredit with regard to, *inter alia*, its operation, directly or indirectly, on Polish soil (including cross-border transactions), its subscription to shares in Polish banks and, in any event, any activity in competition with Bank Pekao and its subsidiaries (as defined pursuant to the Share Purchase Agreement). Notwithstanding the exceptions pursuant to the Share Purchase Agreement, in case of breach of such non-competition undertakings, PZU and PFR shall be entitled to receive an indemnity to be determined according to the mechanisms provided for in the Share Purchase Agreement.

Following the satisfaction of the conditions precedent required by the Share Purchase Agreement, specifically including the receipt of approvals from the PFSA and Polish antitrust authority (Prezes Urzędu Ochrony Konkurencji i Konsumentów) and Ukrainian antitrust authority (Антимонопольний комітет України), on 7 June 2017 UniCredit has completed the disposal of the 32.8 per cent. shareholding held in Bank Pekao S.A. to Powszechny Zakład Ubezpieczeń S.A. (PZU) e Polski Fundusz Rozwoju S.A. (PFR) for the agreed price consideration equal to PLN 123 per share, and therefore equal to PLN 10.6 billion for the shareholding sold. Terms and conditions of the transaction, as announced on 8 December 2016, remain unchanged.

Secured equity-linked certificates

On 8 December 2016, UniCredit, in order to dispose of its residual equity investment in Bank Pekao equal to 7.3 per cent. of the share capital, issued 1,916 secured equity-linked certificates (the "**Certificates"**), guaranteed by a pledge on the Bank Pekao shares (the "**Pekao Shares**") and with mandatory regulation in Bank Pekao ordinary shares, on or before 15 December 2019 (the "**Expiration Date**"). At the date of this Prospectus, following the exercise of Voluntary Settlement at the Option of the Holder (as defined below), UniCredit reduced its stakeholding in Bank Pekao from 40.1 per cent, to 39.06 per cent.

The reference price per share was set at €27.0294, equal to the average weighted price for volumes of Bank Pekao shares on the Warsaw Stock Exchange on 9 December 2016, converted into Euros at an exchange rate of 4.4448 on 9 December 2016. The issue price of the Certificates was set at €232,047.40 each or approximately €444.6 million overall.

The number of Pekao Shares underlying Certificates is 19,160,000 (the "**Underlying Shares**"), corresponding to an aggregate reference amount relating to the issuance of Certificates equal to €517,883,304.00 (equivalent to a reference amount per certificate of €270,294.00 (the "**Reference Amount**")).

Unless previously settled at the option of UniCredit (the "**Voluntary Settlement at the Option of the Issuer**") or the holders of the Certificates (the "**Voluntary Settlement at the Option of**

the Holder"), or upon the occurrence of Accelerated Settlement Events (as defined below), and subject to UniCredit's cash settlement option (the "**Cash Settlement**"), each Certificate will be mandatorily settled on the Expiration Date by delivery of a number of Pekao Shares equal to the product of the *pro rata* share of the Underlying Shares and a settlement ratio to be determined on the basis of a minimum settlement price initially equal to €27.0294, equivalent to a minimum settlement price per certificate equal to €270,294.00 (the "**Minimum Settlement Price**") and a maximum settlement price initially equal to €31.0838, equivalent to a maximum settlement price per certificate equal to €310,838.00 (the "**Maximum Settlement Price**"), without prejudice to the standard adjustment mechanisms to be applied upon occurrence of extraordinary transactions involving Bank Pekao. At any time during the period from and including 25 January 2017 to and including the 38th scheduled trading day prior to the Expiration Date, UniCredit is entitled to avail itself of the Voluntary Settlement at the Option of UniCredit, upon giving not less than 30 and not more than 60 days' notice to the holders of the Certificates, by delivering to each holder of the Certificates a number of Pekao Shares determined on the basis of a maximum settlement ratio equal to 100 per cent. (equivalent to the Reference Amount divided by the Minimum Settlement Price).

At any time during the period from and including 25 January 2017 to and including the 38th scheduled trading day prior to the Expiration Date, the holders of the Certificates have the right to avail themselves of the Voluntary Settlement at the Option of the Holder, by receiving a number of Pekao Shares determined on the basis of a minimum settlement ratio equal to 87 per cent. (equivalent to the Reference Amount divided by the Maximum Settlement Price).

Upon settlement of any Certificates, UniCredit will be entitled to proceed with the Cash Settlement, to deliver the relevant Underlying Shares or any combination thereof, except upon the occurrence of an automatic accelerated settlement event as provided for in the terms and condition of the Certificates (the "**Automatic Accelerated Settlement Event**"), in which case there will be no Cash Settlement.

Upon the occurrence of an accelerated settlement event provided for in the terms and conditions of the Certificates (the "**Accelerated Settlement Events**"), including, but not limited to, the default by UniCredit to comply with its payment obligations as well as with other binding provisions arising out of the issuance of the Certificates, the subjection of UniCredit to insolvency proceedings or to an order for the compulsory winding-up, as well as the liquidation or dissolution of UniCredit, UniCredit shall proceed with the accelerated settlement by delivering to each holder of the Certificates a number of Pekao Shares determined on the basis of a ratio equal to the Reference Amount divided by the Minimum Settlement Price.

MANAGEMENT

Board of Directors

The board of directors (the "**Board**" or the "**Board of Directors**") is responsible for the strategic supervision and management of UniCredit and the Group and it may delegate its powers to the Chief Executive Officer ("**CEO**")and other Board members.

The Board is elected by UniCredit shareholders at a general meeting for a three financial year term, unless a shorter term is established upon their appointment, and Directors may be re-elected. Under UniCredit by-laws, the Board is composed of between a minimum of 9 and a maximum of 24 Directors.

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 13 May 2015 for a term of three financial years and is composed of 17 members. The term in office of the current members of the Board will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2017.

The Board can appoint one or more General Managers and/or one or more Deputy General Managers, establishing their roles and areas of competence. Should a Chief Executive Officer not have been appointed, the Board of Directors shall appoint a sole General Manager, and can appoint one or more Deputy General Managers, establishing their roles and areas of competence. The Board has appointed Mr. Jean Pierre Mustier as CEO to whom it has entrusted the management of the Company within the terms and limits set forth by the Board itself.

Taking into account the changes that occurred in the composition of the supervisory body after the above Shareholders' Meeting of 13 May 2015, the following table sets forth the current members of UniCredit's Board of Directors.

Name	Position
Giuseppe Vita [1]	Chairman
Vincenzo Calandra Buonaura [1]	Deputy Vice Chairman
Jean Pierre Mustier[1-3-4]	Chief Executive Officer
Mohamed Hamad Al Mehairi [2 - 5]	Director
Sergio Balbinot [1 - 6]	Director
Cesare Bisoni [2]	Director
Henryka Bochniarz [2]	Director
Martha Dagmar Böckenfeld[2-7]	Director
Alessandro Caltagirone [2]	Director
Luca Cordero di Montezemolo [2 - 8]	Director

Name	Position
Fabrizio Palenzona [1 - 9]	Director
Lucrezia Reichlin [2]	Director
Clara-Cristina Streit [2]	Director
Paola Vezzani [2]	Director
Alexander Wolfgring [2]	Director
Anthony Wyand [1]	Director
Elena Zambon [2]	Director

Notes:

(1) Director that does not meet the independence requirements pursuant to Clause 20 of the Articles of Association and Section 3 of the Corporate Governance Code.

(2) Director that meets the independence requirements pursuant to Clause 20 of the Articles of Association, Section 3 of the Corporate Governance Code and Section 148 of the Financial Services Act.

(3) Director that does not meet the independence requirements pursuant to Section 148 of the Financial Services Act.

(4) Director co-opted on 30 June 2016 following the resignation of Mr. Manfred Bischoff and confirmed by the Shareholders' Meeting on 12 January 2017. Mr. Mustier as from 12 July 2016 took on the office as CEO in place of Mr. Federico Ghizzoni, who at the same date stepped down from the Board of Directors.

(5) Director co-opted on 15 October 2015, following the resignation Mr. Mohamed Badawy Al-Husseiny and confirmed by the Shareholders' Meeting on 14 April 2016.

(6) Director co-opted on 9 June 2016 following the resignation of Ms. Helga Jung and confirmed by the Shareholders' Meeting on 12 January 2017.

(7) Director co-opted on 22 September 2016 bringing back the number of the Board of Directors members to the one resolved upon with the resolution taken by the Shareholders' Meeting on 13 May 2015; confirmed by the Shareholders' Meeting on 12 January 2017.

(8) Mr. Cordero di Montezemolo stepped down from his role as Vice Chairman on 20 April 2017

(9) Mr. Palenzona stepped down from his role as Vice Chairman on 1 March 2017.

The business address for each of the foregoing Directors is UniCredit's head office.

Other principal activities performed by the members of the Board which are significant with respect to UniCredit are listed below:

Giuseppe Vita

- Chairman of the Supervisory Board of Axel Springer SE – Germany
- Member of the Board of Directors of ABI – Italian Banking Association – Italy
- Member of the General Council of Aspen Institute Italia
- Member of the Trilateral Commission – Italian Group

- Member of the Board of Directors and of the Executive Committee of ISPI – Istituto per gli Studi di Politica Internazionale – Italy
- Member of the Corporate Governance Committee of Borsa Italiana
- Member of "Collegio di Indirizzo" of Fondazione Bologna Business School – Italy
- Member of European Financial Roundtable – Belgium
- Honorary Chairman of Deutsche Bank S.p.A. – Italy

Vincenzo Calandra Buonaura

- Member of the Board of Directors of ABI – Italian Banking Association
- Freelance lawyer

Jean Pierre Mustier

- Shareholder of TAM S.à r.l.
- Shareholder of F.M. Invest S.A.
- Shareholder of Groupement Forestier Abbaye Grand Mont
- Shareholder of Groupement Forestier Böis/Bengy
- Shareholder of TAM Eurl
- Shareholder of Chelsea Real Estate
- Shareholder of HLD Associés
- Shareholder of Winevest
- Shareholder of Eastern Properties
- Shareholder of Bankable
- Shareholder of Dashlane Inc.
- Shareholder of Chili Piper Inc.

Mohamed Hamad Al Mehairi

- Aabar Investments PJS (Aabar) – CEO and Board Member
- Arabtec Holding PJSC (Arabtec) – Board Member
- Al Hilal Bank – Board Member
- Qatar Abu Dhabi Investment Company (QADIC) – Board Member

- Pak-Arab Refinery Ltd. (PARCO) – Vice Chairman of the Board
- Palmassets S.A. – Board Member
- DEPA Limited – Board Member
- Emirates Investment Authority – Board Member

Sergio Balbinot

- Member of the Management Board of Allianz SE
- Member of the Board of Directors of Allianz France S.A.
- Member of the Board of Directors of Allianz Sigorta S.A.
- Member of the Board of Directors of Allianz Yasam ve Emeklilik A.S.
- Member of the Board of Directors of Bajaj Allianz Life Insurance Co. Ltd
- Member of the Board of Directors of Bajaj Allianz General Insurance Co. Ltd
- Member of the Board of Directors of Borgo San Felice S.r.l.
- Chairman of Insurance Europe;

Cesare Bisoni

- none

Henryka Bochniarz

- President, Polish Confederation Lewiatan (Konfederacja Lewiatan)
- Deputy Chairman of Business Europe
- Member of the Supervisory Board of FCA Poland SA
- Member of the Supervisory Board, Orange Polska SA
- Member of the International Council Advisory Board, “Leon Kozminski” University
- Co-founder of the Congress of Women and the Congress of Women Association
- Chairperson of the joint Polish-Japanese Economic Committee
- Deputy Chairman Social Dialogue Council

Martha Dagmar Böckenfeld

- Chairman of the Supervisory Board of Scope Corporation AG, Germany; Scope Ratings AG, Germany
- Member of the Board of Directors of the following Generali (Switzerland) Holding Ltd. companies:

- Generali Personenversicherungen AG
- Generali General Insurance Ltd.
- Fortuna Rechtsschutz-Versicherungs-Gesellschaft AG
- Fortuna Investment AG

Alessandro Caltagirone

- Board Members of ACEA S.p.A.
- Vice Chairman of Aalborg Portland Holding A/S
- Board Member and Executive Committee Member of Vianini Lavori S.p.A.
- Chief Executive of Vianini Ingegneria S.p.A.
- Board Member of Il Messaggero S.p.A.
- Board Member of Cementir Holding S.p.A.
- Board Member of Caltagirone S.p.A.
- Board Member of Il Gazzettino S.p.A.
- Board Member of GloboCem A.L.
- Board Member of Cementir Espana A.S.
- Board Member of Aalborg Portland Espana S.L.
- Chairman of the Board of Yapitek Teknolojisi San. Ve Tic. A.S.
- Investment Committee Member of Fabrica Immobiliare SGR S.p.A.
- Board Member of Fincal S.A.
- Chief Executive of Finanziaria Italia 2005 S.p.A.
- Chairman of the Board of Ical S.p.A.
- Chief Executive of Corso 2009 S.r.l.
- Board Member of Ical 3 S.r.l.

Luca Cordero di Montezemolo

- Chairman of Alitalia – Compagnia Aerea Italiana S.p.A.
- Chairman of Telethon
- Chairman of the Promoting Committee for the Rome Candidacy at the 2024 Olympic Games
- Director of Nuovo Trasporto Viaggiatori S.p.A.

- Honorary Chairman of Charme Capital Partners SGR S.p.A.
- Director of Coesia S.p.A.
- Director of Renova management AG

Fabrizio Palenzona

- Chairman of Assaeroporti S.p.A. – Associazione Italiana Gestori Aeroporti
- Chairman of FAISERVICE SCARL
- Chairman of AISCAT (Italian Association of Toll Motorways and Tunnels Operators)
- Member of the Board of Directors of ABI – Italian Banking Association
- Member of the Executive Committee of Giunta degli Industriali di Roma
- Member of the Board of Directors of Università degli Studi del Piemonte Orientale "Amedeo Avogadro"

Lucrezia Reichlin

- Member of the Scientific Board of over ten international institutions, including universities and banks; various editorial activities on international journals; "Fellow" at the Centre for European Policy Research, London; "Fellow" of the European Economic Association; "Fellow" of the British Academy.
- Chairperson and Co Founder and Director of Now Casting Economics Ltd.
- Member of the Board of Directors of Messaggerie Italiane S.p.A.
- Member of the Board of Directors of AGEAS Insurance Group SA/NV
- Member of Commission Economique de la Nation (Advisory Board to the French finance and economics ministers)
- Chair of the Scientific Council, Bruegel, Bruxelles
- Columnist of Corriere della Sera
- Member of the Board of Directors of "Associazione Borsisti Marco Fanno"
- Member of the Board of Directors of Eurobank

Clara-Cristina Streit

- Member of the Board of Directors and Member of the Audit Committee of Jeronimo Martins SGPS S.A., Lisbon
- Member of the Supervisory Board, Member of the Risk Committee and the Nomination and Corporate Governance Committee of NN Group NV, The Netherlands

- Member of the Supervisory Board, Chair of the Finance Committee and Member of the Chairman's Committee of Vonovia SE, Dusseldorf
- Member of the Board of Directors, Member of the Nomination and Compensation Committee of Vontobel Holding AG, Zurich

Paola Vezzani

- Full Professor of Financial Intermediaries and Markets – University of Modena e Reggio Emilia
- Rector's Delegate for the Third Mission (Reggio Emilia campus)

Alexander Wolfgring

- Member of the Board of Directors (Executive Director) of Privatstiftung zur Verwaltung von Anteilsrechten, Vienna
- Member of the Board of Directors of AVZ GmbH, Vienna
- Member of the Board of Directors of AVZ Holding GmbH, Vienna
- Member of the Board of Directors of AVZ Finanz-Holding GmbH, Vienna
- Member of the Supervisory Board of Österreichisches Verkehrsbüro AG, Vienna
- Chairman of the Supervisory Board of Verkehrsbüro Touristik GmbH
- Member of the Board of Directors of AVB Holding GmbH, Vienna
- Member of the Board of Directors of API Besitz, GmbH, Vienna
- Member of the Board of Directorsof Mischek Privatstiftung, Vienna

Anthony Wyand

- Member of the Board of Directors of Société Foncière Lyonnaise S.A.
- Chairman of Cybèle Asset Management

Elena Zambon

Zambon Group:

- Vice President of GEFIM S.p.A.
- Member of the Board of Directors of ENAZ S.r.l.
- Member of the Board of Directors of IAVA S.r.l.
- Member of the Board of Directors of ITAZ S.r.l.
- Member of the Board of Directors of TANO S.r.l.
- Member of the Board of Directors of CLEOPS S.r.l.

- Member of the Board of Directors of Zambon Company S.p.A.
- President of Zambon S.p.A.
- Vice President of Zach Systems S.p.A.
- Member of the Board of Directors of Zeta Cube S.r.l.
- Member of the Board of Directors of Zambon Immobiliare S.p.A.
- Member of the Board of Directors of ANGAMA S.r.l.
- President of Fondazione Zoè (Zambon Open Education)

Offices extra Zambon Group:

- President of Aidaf
- Member of the Board of Directors of FBN – Family Business Network
- Member of the Board of Directors of Istituto Italiano di Tecnologia (IIT)
- Vice President of Aspen Institute Italia
- Member of the Board of Directors of Ferrari N.V.

Senior Management

The following table sets out the name and title of each of the senior managers of the Issuer and of the Group:

Name	**Title**	**Other principal activities performed by the Senior Managers which are significant with respect to UniCredit**
Jean-Pierre Mustier	Chief Executive Officer	Please see Management – Board of Directors
Gianni Franco Papa	General Manager	Bank Pekao SA – Deputy Chairman of the Supervisory Board UniCredit Bank Austria AG – Member of the Supervisory Board UniCredit Bank AG – Chairman of the Supervisory Board Anthemis Evo LLP – Chairman of the Management Board ABI – Associazione Bancaria Italiana – Member of the Board of Directors and

		Executive Committee
Gianpaolo Alessandro	Head of Group Legal	Compagnia Aerea Italiana SpA – Member of the Board of Directors MIDCO SpA – Member of the Board of Directors
Carlo Appetiti	Group Compliance Officer	None
Paolo Cornetta	Head of Group Human Capital	UniCredit Foundation (Unidea) – Vice Chairman of the Board of Directors ES Shared Service Center S.p.A. – Member of the Board of Directors UniCredit Bank AG – Member of Supervisory Board and Chairmanof Remuneration Control Committee UniCredit Bank Austria AG – Member of the Supervisory Board ABI (Italian Banking Association) – Member of the Board of Directors and member of the Committee on Labour and Industrial Relations (Casl)
Serenella De Candia	Head of Internal Audit	None
Ranieri de Marchis	Co-Chief Operating Officer	Fondo Interbancario di Tutela dei Depositi – Member of the Board of Directors, Member of the Management Committee and of the Management Board of the Voluntary Scheme Atlante Fund – Member of the Investments Committee Atlante Fund II – Member of the Investments Committee ABI - Associazione Bancaria Italiana – Deputy Vice Chairman of the Board of Directors and of the Executive Committee UniCredit Business Integrated Solutions Scpa – Chairman of the

		Board of Directors and member of the Internal Control and Risks Committee UniCredit Bank Austria AG – Deputy Chairman Supervisory Board and Chairman of the Nomination Committee and Vice Chairman of the Remuneration Committee Anthemis Evo Llp – Member of the Management Board
Massimiliano Fossati	Chief Risk Officer	Bank Pekao SA – Member of the Supervisory Board UniCredit Bank Austria AG – Member of the Supervisory Board Atlante Fund – Member of the Investments Committee
Francesco Giordano	Co-Chief Operating Officer and Dirigente Preposto (Manager charged with preparing the company financial reports)	UniCredit Business Integrated Solutions – Deputy Chairman Board of Directors Pioneer Global Asset Management Spa – Member of the Board of Directors UniCredit Bank Ag _ Member Supervisory Board Anthemis Evo Llp – Member of the Management Board

The business address for each of the foregoing members of UniCredit's senior management is UniCredit's head office.

Board of Statutory Auditors

The UniCredit Board of Statutory Auditors (the "**Board of Statutory Auditors**") supervises compliance with laws, regulations and the UniCredit's Articles of Association, the adequacy and functionality of the organisational and accounting structure of UniCredit as well as the overall functionality of the internal control system, with particular focus on risk management. The Board of Statutory Auditors supervises the financial disclosure process, the external auditing of the individual and consolidated financial statements and monitors the independence of the external audit firm. The Board of Statutory Auditors shall also report any irregularities or violations of the legislation to the Bank of Italy and, where required, to other supervisory authorities, and shall report to the Shareholders' Meetings called to approve the UniCredit's

financial statements on the supervisory activity performed and on any omissions and censurable detected facts.

The Board of Statutory Auditors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 14 April 2016 for a term of three financial years and its members may be re-elected. Pursuant to the provisions of the UniCredit's Articles of Association, the Board of Statutory Auditors consists of five permanent statutory auditors, including a Chairman. Furthermore, the above-mentioned Shareholders' Meeting appointed four stand-in statutory auditors.

The term in office of the current members of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2018.

All of the members of the Board of Statutory Auditors in office are enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance. The business address for each of the members of the Board of Statutory Auditors is UniCredit's head office.

The information on the Board of Statutory Auditors and its update is available on the UniCredit website.

Taking into account the changes that occurred in the composition of the controlling body after the above Shareholders' Meeting of 14 April 2016, the following table sets out the current members of UniCredit's Board of Statutory Auditors:

Name	Position
Pierpaolo Singer	Chairman
Angelo Rocco Bonissoni	Statutory Auditor
Benedetta Navarra	Statutory Auditor
Guido Paolucci(1)	Statutory Auditor
Maria Enrica Spinardi	Statutory Auditor

(1) Mr. Paolucci took office under Article 2401 of the Italian Civil Code in replacement of Mr. Enrico Laghi who resigned on 2 May 2017.

Other principal activities performed by the Statutory Auditors of UniCredit which are significant for UniCredit are listed below:

Pierpaolo Singer

- Statutory Auditor of e-distribuzione S.p.A.
- Chairman of the Board of Statutory Auditors of Ligresta Due S.r.l. (Fintecna Group)
- Statutory Auditor of Condag S.p.A. in Liquidazione
- Statutory Auditor of Visionaria S.PA.

- Chairman of the Board of Statutory Auditors of M.A.S. S.p.A.
- Chairman of the Board of Statutory Auditors of Sinergica S-p.A.
- Sole Auditor of Enel Green Power Africa S.r.l.
- Member of the Supervisory Body pursuant to Legislative Decree 231/2001 of Thales Alenia Space S.p.A.
- Statutory Auditor of NBI S.p.A.

Angelo Rocco Bonissoni

- Attorney of Nuova CPS Servizi S.r.l.
- Member of the Board of Directors of BAN - UP S.p.A.
- Member of the Audit Committee of UniCredit BulBank
- Statutory Auditor of CDP Reti S.p.A.

Benedetta Navarra

- Member of the Supervisory Board of UniCredit Bank Czech Republic and Slovakia, a.s.
- Member of the Board of Directors of A.S. Roma S.p.A.
- Statutory Auditor of buddy servizi molecolari S.p.A.
- Statutory Auditor of LVenture Group S.p.A.
- Chairman of the Supervisory Body pursuant to legislative Decree 231/2001 of Equitalia Giustizia S.p.A.
- Member of the Audit Committee of UniCredit BulBank
- Statutory Auditor of CDP Reti S.p.A.

Guido Paolucci

- Chairman of the Board of Statutory Auditors of Ecofuel S.p.A.
- Chairman of the Board of Statutory Auditors of Raffineria di Gela S.p.A.
- Chairman of the Board of Statutory Auditors of Telecontact Center S.p.A.
- Chairman of the Board of Statutory Auditors of Telecom Italia San Marino S.p.A.
- Chairman of the Board of Statutory Auditors of Telefonia Mobile Sammarinese S.p.A.
- Statutory Auditor of Advanced Caring Center S.r.l.
- Statutory Auditor of Italtel Group S.p.A.
- Statutory Auditor of Società Gestione Servizi BP S.C.p.A.
- Statutory Auditor of Salone S.p.A.

- Statutory Auditor of Nuova Compagnia di Partecipazioni S.p.A.
- Chairman of the Board of Statutory Auditors of Officinae Verdi S.p.A.
- Director of Fondazione "Casa Sollievo della Sofferenza"
- Statutory Auditor of Edile Leonina S.p.A.
- Statutory Auditor of Società Italiana di Monitoraggio S.p.A.
- Statutory Auditor of Officine NPL S.p.A.
- Member of Management Control Committee of Saving & Consulting S.p.A.
- Statutory Auditor of Publispei S.r.l.
- Statutory Auditor of Immobiliare Veronica 84 S.r.l. in liquidazione

Maria Enrica Spinardi

- Statutory Auditor of Comset S.p.A.
- Statutory Auditor of Atla S.r.l.
- Statutory Auditor of Webasto S.p.A.
- Statutory Auditor of Fibre e Tessuti Speciali S.p.A.
- Statutory Auditor of Cuki Cofresco S.p.A.
- Statutory Auditor of Asics Italia S.r.l.
- Statutory Auditor of G.G. Family Group S.r.l.
- Statutory Auditor of Hexagon Metrology S.p.A.
- Statutory Auditor of RDZ S.p.A.
- Alternative Auditor of Cuki S.p.A.

Conflicts of Interest

As at the date of this Prospectus, and to the best of UniCredit's knowledge, with regard to the members of the UniCredit Board of Directors and Board of Statutory Auditors there are no conflicts of interest with the obligations arising from the office or position held within UniCredit, except for those that may concern operations put before the relevant bodies of UniCredit, in accordance with the applicable procedures and in strict compliance with existing laws and regulations. Members of the UniCredit's Board of Directors and Board of Statutory Auditors must indeed comply with the following provisions aimed at regulating instances where there exists a specific interest concerning the implementation of an operation:

- Article 53 of the Italian Banking Act sets forth the obligations envisaged by paragraph 1 of Article 2391 of the Italian Civil Code, hereinafter quoted, confirming the duty to abstain from voting for the Directors having a conflicting interest, on their own behalf or on behalf of a third party;

- Article 136 of the Italian Banking Act, which requires a special authorisation procedure (a unanimous decision by the supervisory body with the exclusion of the concerned officers' vote and the favourable vote of all members of the controlling body) should a bank enter into obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with its corporate officers;
- Article 2391 of the Italian Civil Code, which obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest, on their own behalf or on behalf of a third party, that they may have, in a specific company transaction, with the concerned member of the Board of Directors having to abstain from carrying out the transaction if he/she is also the CEO; and
- Article 2391-bis of the Italian Civil Code, CONSOB Regulation No. 17221 dated 12 March 2010 (and subsequent updates) concerning transactions with related parties, as well as the provisions issued by the Bank of Italy for the prudential supervision of banks concerning risk activities and conflicts of interest of banks and banking groups with associated persons (New Prudential Supervisory Regulations of the Bank of Italy and subsequent updates).

In accordance with the said latest provisions, UniCredit has adopted specific policies and procedures in order to ensure, between the others, the transparency and the material and procedural correctness of the transactions with related parties, directly or through controlled companies. In accordance with the aforementioned provisions transactions with related parties or with associated persons fall within the exclusive responsibility of the UniCredit Board of Directors, with the exception of the transactions falling under the responsibility of the UniCredit Shareholders' Meeting. For information on related-party transactions, please see Part H of the Notes to the consolidated financial statements of UniCredit as at 31 December 2016, incorporated by reference herein.

Notwithstanding the obligations of Article 2391 of the Civil Code, UniCredit and its corporate bodies have adopted measures and procedures to ensure compliance with the provisions relating to transactions with its Corporate Officers, as well as transactions with related parties and affiliated entities.

External Auditors

At the Ordinary and Extraordinary Shareholders' Meeting of UniCredit held on 11 May 2012, Deloitte & Touche S.p.A. ("**Deloitte**") has been appointed to act as UniCredit's external auditor for the 2013-2021 nine-year period, pursuant to Section 13, paragraph 1, of Legislative Decree No. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

DESCRIPTION OF THE PORTFOLIO – THE CREDIT AND COLLECTION POLICIES

Set out below is an overview of the criteria on the basis of which the assets which may be transferred to the OBG Guarantor will be selected and the main features of the credit and collection policies adopted by the Seller for the granting and servicing of the Mortgage Loans. Prospective OBG Holders may inspect a copy of the credit and collection policies upon request at the registered office of the OBG Guarantor, the Seller and at the Specified Offices of the Luxembourg Listing Agent. For a description of the obligations undertaken by UniCredit S.p.A. under the Servicing Agreement, see "Description of the Transaction Documents - Description of the Servicing Agreement" below. For a description of the representations and warranties given and the obligations undertaken by UniCredit S.p.A. under the Warranty and Indemnity Agreement, see "Description of the Transaction Documents -Description of the Warranty and Indemnity Agreement" below.

THE PORTFOLIO

In accordance with Law 130, pursuant to the OBG Guarantee, the OBG Holders will benefit from a guarantee issued by the OBG Guarantor over a portfolio of receivables transferred or to be transferred by the Seller and the Additional Sellers (if any), arising from some or all of the following assets:

(i) residential mortgage receivables, where the relevant amount outstanding, added to the principal amount outstanding of any previous mortgage loans secured by the same property, owed to the Seller (or to the Additional Sellers, as applicable), does not exceed 80 per cent. of the value of the mortgaged property (the "**Residential Mortgage Receivables**");

(ii) non residential mortgage receivables, where the relevant amount outstanding, added to the principal amount outstanding of any previous mortgage loans secured by the same property, owed to the Seller (or to the Additional Sellers, as applicable), does not exceed 60 per cent. of the value of the property (the "**Non-Residential Mortgage Receivables**" and, together with the Residential Mortgage Receivables, the "**Mortgage Receivables**");

(iii) securities satisfying the requirements set forth under Article 2, paragraph 1, letter c) of the MEF Decree (as defined below) (the "**Public Securities**"); and

(iv) asset backed securities issued in the framework of securitisations having the characteristics of article 2, para. 1, lett. d), of the MEF Decree whose underlying assets are comprised of Mortgage Receivables and provided that such asset backed securities comply with all the following: (a) the cash-flow generating assets backing the securitisation transactions securities meet the criteria laid down in Article 129(1)(d) to (f) of Regulation (EU) No 575/2013 in respect of securitisation transactions securities backing covered bonds, (b) the cash-flow generating assets were originated by an entity closely linked to the issuer of the covered bonds, as described in Article 138 of the Guideline of the European Central Bank dated 19 December 2014 ((UE) 510/2015), (c) they are used as a technical tool to transfer mortgages or guaranteed real estate loans from

the originating entity into the cover pool of the respective covered bond; and (d) the requirements provided by Circular n. 285 of 17 December 2013 of the Bank of Italy (Supervisory Guidelines for the Banks) (the "**ABS Securities**" and, together with the Mortgage Receivables and the Public Securities, the "**Assets**"), and, within certain limits, Integration Assets. The Assets and the Integration Assets are jointly referred to as the "**Portfolio**").

As at the date of this Prospectus, the Portfolio consists only of Residential Mortgage Loans transferred by the Seller to the OBG Guarantor in accordance with the terms of the Master Transfer Agreement, as more fully described under "*Description of the Transaction Documents – Master Transfer Agreement*", below.

The Portfolio has characteristics that demonstrate capacity to produce funds to service any payment due and payable on the OBG.

Each of the Mortgage Receivables comprised in the Portfolio shall comply with the following general criteria (the "**General Criteria** ") as at the relevant Evaluation Date (to be deemed cumulative unless otherwise provided) (or at such other date specified below):

(i) mortgage loans in respect of which the ratio between loan's outstanding principal on the Evaluation Date and the value of the real estate upon which the guarantee has been created, calculated on the Execution Date or on the date of the apportionment (*frazionamento*) in case of loans arising from the apportionment (*frazionamento*) of a prior quota loan, is:

  (a) equal to or lower than 80 per cent. in case of Residential Mortgage Loans, or

  (b) equal to or lower than 60 per cent. in case of Commercial Mortgage Loans;

(ii) loans in respect of which the principal debtors (including further to a novation (*accollo liberatorio*) and/or apportionment (*frazionamento*)) are:

  (a) in case of Residential Mortgage Loans, one or more individuals or one or more entities, of which at least one having his residence in Italy or, as applicable, its corporate seat in Italy; or

  (b) in case of Commercial Mortgage Loans, one or more entities, of which at least one having its corporate seat in Italy or one or more individuals in their capacity of entrepreneurs of which at least one having its residence in Italy;

(iii) loans secured by a mortgage on real estates located in Italy in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage is elapsed on the Evaluation Date o prior to it;

(iv) loans which are governed by Italian law; and

(v) loans denominated in Euro (or originally disbursed in a different currency and subsequently re-denominated in Euro);

(vi) loans having at least one instalment (even an only interest one) fallen due and paid;

(vii) in case of Residential Mortgage Loans, loans whose residual tenor is not in excess of 30 years or in case of Commercial Mortgage Loans, loans whose residual tenor is not in excess of 25 years.

The Portfolio does not include Mortgage Receivables arising from:

(i) loans granted to, or secured by, a public administration entity (*ente pubblico*);

(ii) loans granted to an ecclesiastic entity (*ente ecclesiastico*); or

(iii) loans which were classified as agricultural credit (*mutui agrari*) pursuant to Article 43 ofthe Banking Law, as at the relevant Execution date;

The Mortgage Receivables to be comprised in the Portfolio shall comply also with the Specific Criteria in addition to the General Criteria.

"**Execution Date**" means the date on which the relevant loan agreement has been executed, without taking into account potential *accolli* or restructuring or *frazionamenti* that have been executed after such date.

"**Commercial Mortgage Loans**" means those mortgage loans which, pursuant to the MEF Decree, are secured over a property destined to commercial or office use and located in an Eligible State.

"**Residential Mortgage Loans**" means those mortgage loans which, pursuant to the MEF Decree, are secured over a property destined to residential use and located in an Eligible State.

"**Specific Criteria**" means the criteria for the selection of the Mortgage Receivables to be included in the portfolios to which such criteria are applied, as set forth in annex 2 to the Master Transfer Agreement for the Initial Portfolio and in the relevant transfer agreement for sale of each further portfolio of Mortgage Receivables.

"**Criteria**" means jointly the General Criteria and the Specific Criteria.

THE CREDIT AND COLLECTION POLICIES

Commercial Mortgage Loans

The terms set out below with a capital letter and not otherwise defined herein shall have the same meaning as in the Servicing Agreement.

Process of assessment and disbursement

The process of assessment of the creditworthiness and disbursement of loans to the business customers is managed through a dedicated application based on statistical scores which reworks in an ordered and articulated way the information that the Seller has on the company applying for a loan, on its competitors, and the relevance and intensity of the risk factors which can compromise its skill in realizing the debt service and it integrates it with the available data from external informative bases (*Credit Bureau privati e di Viglianza*).

The process of assessment is made up of the following main phases:

1) Arrangement of the credit line application which includes the activity of collection of information from the customer, the personal details of the counterparties and the input of data in the Seller's applications;

2) Filling in of the proposal and calculation of the credit rating, upon data acquisition from external Credit Bureau and assessment of the guarantor's riskiness; and

3) Determination of the deliberative body on the basis of the Seller's procedures and considering the applicant's characteristics (or of the economical group it belongs to) and of the transaction.

The assessment logic at the basis of such application is focalised on the source of reimbursement of the granted credit lines which is realized in the analyses:

1) Of the required operation, with particular reference to the credit line purpose and the means of reimbursement;

2) Of the applying customer, in terms of skill in generating cash flows in favour of the debt and the risk capital and in maintaining a balanced property, financial and income structure, its competitive position, etc.; and

3) Of the possible real and/or personal security supporting it.

The rating models applied by the Seller to the companies and validated by Bank of Italy for A-IRB use,are specialized on the basis of the turnover and of the kind of counterparty. They express a general viewpoint on the credit line of the counterparty deriving from the integration of the synthetic risk assessments which emerge from different areas of analyses:

- Economic-financial data (investments, liquidity, productivity, profitability, circulating capital);

- Qualitative data (non financial information, obtained through a questionnaire and represented for example by data regarding the history of the company, the company and organisational structure, assessments on the strategic coherence and on the competitive position, information about the entrepreneur);

- Data regarding the geographical and sector placement and the dimension characteristics of the counterparty;

- Internal behavioural data of the system (e.g. Office of credit risks - *Centrale dei Rischi*), synthesized by a statistical predictive score which nourishes the trend monitoring system.

The rating is calculated and used in the phase of first disbursement and it is updated eriodically on the basis of the trend component and every time that the information regarding the other components of the rating system are modified (e.g. financial statements, qualitative questionnaire, dimensional and geo-sector variables).

Required security

The security aims at strengthening the principle of property liability of the principal debtor and therefore, at assuring the Seller an enhanced certainty of performance or an enhanced efficacy of the enforcement action in case of breach.

Therefore, as the security is an ancillary element of the secured claim, at the moment of the assessment of the person to whom we grant a credit line, they have to be considered as such. Such assessment has hence to take into account, as fundamental element, the ability of the person to face his/her obligations, regardless of the given security.

The ancillary nature of the security ensures that the guarantor's obligation exists *provided that* there is a principal obligation of which it follows the development (e.g. the waiver to the credit line by the bank during a transaction with the main debtor determines the discharge also of the obligation of the guarantor).

The concept of the ancillary nature of the security implies that the acquisition of security does not influence the determination of the level of risk of the credit line; it is in fact a matter of credit line with better security, as it is intended in addition to the ability of performance of the obligations of the beneficiary.

For the security to form a protection against the risk, they have to be able to assure an effective recovery of the credit exposure in case of breach, both in terms of legal efficacy and in terms of suitable cover of the exposure.

Thus, the process of management of the security takes place within the scope of the process of assessment of the credit line and it is expressed in managerial phases (acceptance, assessment and fulfilment, monitoring and administration, realization).

The Seller has implemented a specific process in order to verify the "legal certainty" of the security (the legal validity, the efficacy, the binding aspect and their application) which is realized through electronically traced controls of different levels.

Collection

For the purposes of the better administering the portfolio transaction, the Servicer and its authorized agents, if appointed (hereinafter for brevity: the Servicer's delegate), will exchange information with each other and their respective data collection systems, accounting and Credits administration .

Monitoring of the first risk signals

The monitoring of the business customers, carried out through the process of "Monitoraggio in continuo" consists in all the activites that the Bank performs in order to identify and promply react to the synthoms of a potential debtor's credit quality deterioration (credit or refund capacity). The process is supported by several instruments / procedures that allow to processthe information provided by internal or external sources of the Bank and provide the relevant involved professionals with the list of debtors whose risk indicators show a deterioration. The process is supported by the TMP monitoring system/tool.

The activity aims at analysing the information deriving from the daily management of the debtor and promptly ifidentifying the Mortgage Receivables with a deteriorating risk profile, in order to ensure the ability of managing the credit and the control of the main credit quality variables.

All positions under monitoring can be referred to three of this macro classes:

- IN BONIS (BO): relations having regular trend;

- WHATCH LIST (W1/W2/W3): relations which highlight signals of anomaly of a certain seriousness and duration/frequency, but that can be foreseeably overcome;

- TO BE CALLED OFF (A1/A2): Mortgage Receivables for which, without prejudice of business continuity and of the flows that ensure the repayiment of the debts, the intention is to interrupt the relationship with the debtor

- CLASSIFICATION AS NON PERFORMING LOAN (RC): clients with objective difficulties that it is expected to be resolved , without losses, in a reasonable time regardless of the existence of securities or collateral on the loan (Incagli) or clients with insolvency (also not declared by the Court) or situations of no-temporary difficulties to fulfill duties and obligations that it is foreseeable will result in losses regardless of the existence of personal security or collateral (Sofferenze).

Collection

At the expiry date of the instalment, the Servicer shall monitor the payment of the Debtors who have authorised the direct charge on account domiciled at the Servicer, simultaneously crediting the Collection Account with the sums received by the Debtors in accordance with the Servicing Agreement. The automatic charge of the instalments will be done only in the presence of the 100 per cent of the liquid funds necessary to make the payment: therefore the system may not accept partial payments. Any other collection received in relation to the Mortgage Receivables through a different mechanism (cash payment or bank transfer, through direct interbanking remittance (RID) or other technologies) shall be transferred to the Collection Account with same value date of the date on which collection was made or previous if acknowledged by the Debtor following the procedures according to the Servicing Agreement.

Monitoring and administration

The periodical charge of the loan instalments in the specific procedure of the Servicer produces records (evidenze) in the relations if the instalment is not covered by the saccount (conto d'appoggio) on which the instalments are paid.

Such records are used by the peripheral competent commercial structure of the Servicer to make preliminary controls and to promote potential interventions directed to arrange arrears (control of possible technical anomalies, of the whole operation of the customer in arrear, etc.)

The non payment of the instalments activates a signal in the monitoring tool (TMP) which shall be promptly analyzed and assessed by the Servicer.

The existence of overdue or overdraft (scaduto o sconfinato) receivables of the Debtor implies a proposal of management classification of the monitoring tool TMP in relation to the different time persistence of the identified arrears and to the other characteristics of the counterparty.

The confirmation of such proposal determines the application of management rules defined in order to reduce the exposure and/or the risk of the position, possibly also through the re-modulation of the amortisation plan within the limits authorised by the Servicing Agreement, or to entirely recover the exposure in a prompt and effective way, also through the enforcement of the guarantee to the main credit , if any, or through the management of the arrears by spacialized and dedicated professionals.

Administration of Defaulted Receivables

In case of inefficacy of the amicable settlement (*recupero bonario*) activity or prompltly upon the occurrence of certain conditions/events which, also based on the recommendation of the Servicer's delegate and on the opinion of the Servicer, or directly at the discretion of the Servicer, highlight a worsening of the creditworthiness of the Debtor, the Receivable shall be classified by the Servicer as "*Credito ad Incaglio*" or "*Credito in Sofferenza*". In case of classification of a Receivable as "*Credito ad Incaglionon revocato,"* the Servicer shall require the payment of the overdue instalments plus interest di mora in relation to the original amortisation plan. If the Receivable is classified as incaglio revocato o "*Credito in Sofferenza*", the Servicer shall terminate the financing agreement demanding full payment of any outstanding amount.

The Receivable will be classified by the Servicer as "*Credito ad Incaglio*" when the default of the Debtor is due to circumstances of temporary objective difficulties which are likely to be removed in a reasonable period of time.

For the purposes of the issue programme and the relative reports, the Mortgage Receivables classified as Default Receivables shall not be classified as Receivables "*in bonis*", even if the relevant Borrower returns to be "*in bonis*".

The Servicer, in addition to the correct classification, shall evaluate the Mortgage Receivables and is responsible of protection and credit recovery activities in cooperation with its delegates.

The decision of the Servicer to use the delegates of the Servicer in order to perform recovery activities is regulated by the service model of the Bank for the "non performing " Receivables ("Incaglio Revocato" and "Sofferenza"): in any case the recovery activites of receivables classified as "Incaglio Revocato" and "Sofferenza" can be subject to assignment, in compliance with the mandate, to the Servicer's delegates.

In particular, the delegates of the Servicer shall take all out-of-court and/or judicial initiatives which deem achievable e and appropriate for the administration of the relevant Mortgage Receivables, in accordance with the procedures described below. It shall analyse in detail the documentation relating to the relevant Receivable received by the Servicer and shall upload all details relating to the file into its management system.

The management tool shall assign the file to an internal manager on the basis of several criteria, such as geographical placement of the Debtor, his/her business sector, the kind of exposure and its amount.

Within predetermined limits, an external consultant/third party company, selected in accordance with pre-set criteria, may be appointed to assist the internal manager. The activity of such external consultant is put under the strict control of the internal manager.

The manager of the delegates of the Servicer, also using the external consultants/third party companies, shall endeavour to resolve the file through out-of-court activities, based on negotiations with the assigned Debtor with respect to his/her debt repayment.

The proposal for the debt position settlement shoult be formulated by the manager of the delegates of the Servicer in accordance with the powers vested under the Servicing Agreement.

The proposal so formulated shall be subject to a resolution by the competent body of Servicer's delegate, on the basis of the delegation system envisaged by the Servicer's delegate itself, and the outcome of the decision shall be then communicated to the Debtor.

If the decision of the competent body in relation to the proposal, on the other hand, is negative and no alternative negotiated solutions are reached, legal action shall be undertaken if deemed appropriate or convenient (notification of the injunction, protective measures on assets/properties, notification of the precept, attachment in the presence of mortgaged property, and consequential executive process and real estate selling, in accordance with the applicable rules of law). With respect to the judicial activities, the Servicer's delegate shall use external legal advisors of its choice , with proved experience in credit recovery legal activity and which use the same management system enabling a timely monitoring of such legal activity.

In any case, even pending the relevant legal activities, any initiative including out-of-court ones, shall be attempted in order to recover a claim with the purpose of maximising recoveries whilst minimising costs.

Once all activities and renegotiation attempts with the clients have been proven to be ineffective and, in the opinion of the Servicer's delegate, no other actions to recover the due amount are feasible, the Servicer's delegate shall proceed with the sale of the Receivable, in compliance with and subject to the conditions set out under the Servicing Agreement. The conclusion of the judicial and/or out-of-court procedure is reached by means of either the collection of the sums realised or, in case of negative outcome, the mere termination of the appointment.

In any case the Servicer's delegate will communicate to the Servicer whether the Receivable was recovered in full or in part or the impossibility or non convenience of further judicial or out-of-court activities in relation to such Receivable.

Any full or partial write off shall be subject to a resolution of the competent body of the Servicer.

If the positions classified to Incaglio Revocato or Sofferenza were kept in the direct management of the Servicer for the recovery activity, all the judicial and/or out-of-court

initiatives described above are taken and managed directly by the servicer also through external legal advisors or satisfactory consultants.

In any case positions classified “Incaglio Non Revocato” are managed directly by the Servicer as regards the activity of positions regularization in order to redevelopement of the relationship or amicable disengagement.

Positions which show economic-financial difficulties but having the features to remain on the market at commercial and industrial level and therefore can maintain and/or recover the conditions of business continuity, both in case of performing customers and in classified to default customers. These positions could be object to specialized credit management named “gestione Restructuring”, the aim of which is to secure the economic-financial business equilibrium, also through restructuring of exposures, granting of moratorium or the consolidation of overdue and/or short term exposures.

Enforcement of the security

Without prejudice to what is stated in the paragraphs above with regards to the monitoring activity of the overdue (*scaduti*) or overdraft (*sconfinati*) receivables and if the receivables , already revoked, are covered by guarantee, the Servicer will carry on any available activity aimed at their enforcement, in order to ensure the settlement of the Mortgage Receivables.

As far the omnibus guarantees are concerned, (to include in such expression also the pledges created as a guarantee of different debt positions of the Debtor), the Servicer shall be entitled to take the most suitable actions in order to put in place the most effective actions against the Debtor and the guarantor, considering the Seller 's and the purchaser's exposure a unique position, and guaranteed in the overall by the omnibus guarantee. The Servicer, in the absence of guarantor's suggestions, shall be able to charge the proceeds of the enforcement of the security that, according to its cautious assessment, is appropriate to discharge first, possibly also waiving the application of a proportional criterion, to the extent determined at the moment of Mortgage Receivables' transfer. For this purpose, the Servicer is entitled on behalf of the purchaser to carry out any necessary waivers of guarantee, if appropriate.

Early repayment

Similarly to what is provided for the Seller 's customers, from a contractual viewpoint, borrowers are allowed to pre-pay in whole or in part their debt by paying the instalment.

Full Pre-payments.

In order to make a pre-payment in full, the borrower has to pay by wire transfer the residual principal amount (after the payment of overdue and unpaid instalments), as well as the accrued interest from the expiry date of the last instalment until the date of the pre-payment. To these amounts has to be added also the penalty for prepayment (if any) calculated as a percentage on the outstanding amount of the loanat the moment of the pre-payment.

Partial pre-payment

The case of partial pre-payment, also named partial reduction, provides for the payment of a sum by the borrower as partial reimbursement of the principal amount. The partial reduction of

the outstanding debt implies the recalculation of the amortisation plan which, with the same dates of payment, shall imply a reduction of the amount of the instalments to be collected.

The charges for the whole or partial pre-payment usually includes the payment of a fixed percentage applied on the principal outstanding amount.

For the best outcome of whole or partial discharge the essential requisite is the lack of unpaid overdue instalments in and, in the case of indexed rate loans, that the adjustments due (if any) have already been paid.

Residential Mortgage Loans

Foreword

Hereunder, in section 1, a general description of the credit policies adopted by the Seller is provided, including those used in the framework of the agreement with Tecnocasa (Kiron – Epicas).

Issuance procedures are described with more details in section 2 of this document.

Collection policies are provided in section 3.

SECTION 1 - MORTGAGE LOAN ISSUANCE PROCESS

Business sources

Mortgage loans granted by the Seller can be originated from the following channels:

a) Covenant Channel with involvement of a partner of the Seller, together with UniCredit has entered into an 'ad hoc' covenant, enabling identification of potential new borrowers. The covenant channel also includes the agreement with Tecnocasa (Kiron – Epicas), bank's main partner;

b) Semi-direct channel, i.e. through individual real estate agencies or loan brokers, who refer to Financial Salesmen of the Seller;

c) Direct Channel, i.e. through branches of the Seller, Financial salesmen of the Seller, "Mutui On Line" website.

Loan application process

The first step in the process aimed at assessing loan application is the initial interview with the client, carried out by the Sales Network, where, on the one hand the loan broker provides precise details as to the steps to be taken and documents required for obtaining the loan, on the other hand, an initial general assessment is made of the prospective borrower's suitability (collection of information on the income level of the applicant and guarantors if any, intended use of the loan and location of the property to be mortgaged etc).

Drafting the application

If the information collected during the interview produces a positive assessment, the loan broker will accept the loan application, duly completed and subscribed by each subject participating in the loan as borrower or guarantor, also in order to obtain authorisation for the processing of personal data - with specific reference to forwarding of the same to external

Credit Bureaux CRIF and EXPERIAN (such personal data will be forwarded to external Credit Bureaux CRIF and EXPERIAN by the Seller and not by the relevant loan broker)- as required by Law 196/03 (Privacy).

During the application preparation process, information assessed concerns:

- personal master data,
- social/demographic data,
- income details,
- records in public archives (protests, prejudicial recordings),
- contracts present on External Credit Bureaux (Experian, CRIF),
- evidence of delinquent accounts with *Centrale Rischi* (*Risk Sorting House*) (Bank of Italy and SIA),
- other dealings with the Seller (evidence of Global Position).

Entering of said information into the system is carried out both manually and by querying other data-bases.

In particular, main inputs come from acquisition of:

- information taken from the application form filled in and submitted by the client/potential client,
- information on "global position with the Seller" arising from the sum total of debt positions (i.e. "aggregate global position"),
- information on "Group Global Position" arising from the sum total of the debt position provided by the other Group Companies,
- information provided by external Bureaux (Crif and Experian).

Rating calculations

The credit scoring system provides an assessment of the risk profiles of loan applications, based on evaluation of social/demographic information, together with information on the applicant's/guarantor's past behaviour obtained from the Credit Bureaux.

The system is made up of two elements:

1. Credit scoring algorithm which, based on social/demographic and income parameters, provides a final score. This score may be above or below a threshold value (cut off point).

2. Policy rules, a set of credit policy rules non-compliance with which is checked automatically. Credit worthiness assessment rules supplement and complete credit scoring as part of the loan application assessment process. They may be broken down into two categories:

    - o Structural objections, checked together with scoring; they highlight situations requiring manual assessment.

- o Credit rules, checked together with scoring; they highlight situations which as a rule, lead to rejection of the application in the absence of further details, enabling, through manual assessment, reappraisal of the situation.

Outcome of the procedure

The outcome of credit scoring and application of credit rules taken together automatically produce a specific result for each application file.

The system can yield the following responses:

- **Submissible White**: the application is submissible since it involves no hazardous credit elements; it is deemed to imply low default risk and will be decided upon by the appointed body and officials based on autonomous decision-making powers defined by the bank.
- **Submissible with structural objections** (aka at the discretion of the Loan Department), the application involves situations concerning the applicants and/or transaction whose assessment rests with the General Credit Department.
- **Non Submissible Black**: the application involves risk aspects that advise against acceptance of the transaction, in the absence of further appraisal elements enabling, through manual assessment, reappraisal of the situation.

Note: The application whose outcome is "black" due to non-compliance with the above mentioned rules, may continue to be processed through the assessment system by submission to experienced staff with decision-making powers in these matters.

Technical assessment of the mortgaged property

The mortgaged property is for residential use and located in the territory of Italy.

Cadastral categories for property types for which loans are admissible are as follows:

- A/1: High class residential property;
- A/2: Standard residential property;
- A/3: Economy class residential property;
- A/4: Low class residential property;
- A/5: Very low class residential property;
- A/6: Rural residential property;
- A/7: Small residential independent units;
- A/8: Residential detached units;
- A/9: Castles, palaces of prominent historical or artistic value;
- A/11: Typical houses or flats.

Cadastral categories which together with the residential unit can be financed as appurtenances, apart from land plots and associated urban areas are as follows:

- C/2: for basements and attics;

• C/6: for garages and car parking slots;

• C/7: enclosed or non-enclosed porches;

• Urban Area (not classified real estate – UE Urban Entity);

• Common Entity (not classified real estate – E – CO – (court));

• F5 Flat Roof;

• F2 Ruins (*Unità Collabenti*).

Assessment of the market value of the mortgaged property inclusive of all its appurtenances if any, can be performed through:

- Appraisal by an expert registered in the roll of surveyors or engineers and who, at the time of the appraisal was not an employee of the Seller and at no time has had any direct or indirect interest in the Property and/or the loans under scrutiny and whose fee is not dependent on or influenced by approval of the loan application in question. Said appraisal is deemed valid for the purpose of loan issuance for six months from submission.

Note

In particular circumstances it is possible to take as guarantee a property other than the one subject of the specific loan transaction, or in addition to it, when current conditions and/or the value of the property to be mortgaged are not such as to provide adequate capital guarantee for loan issuance.

Decision, Stipulation And Loan Issuance

Each file processed is submitted to the judgement (granted\rejected) of a decision-making body, whose selection is based on the decision-making policy in force at the bank.

Once issuance of the loan has been approved, the bank will prepare documents to stipulate the agreement, which may be of two types:

- Unilateral deed in public form by way of acceptance. The contract is finalised by means of notary deed confirming the prior contract proposal, executed at the notary's office without the bank proxy being present. The notary hands over to the borrower the cashier's cheques or the accounting report indicating that the sum has been released - it will subsequently be issued by bank transfer once execution of the deed has been confirmed.

- Bilateral deed: The contract is entered into in the presence of a bank proxy, who hands over to the borrower the cashier's cheques or the accounting report showing the sum has been released - it will subsequently be issued by bank transfer once the execution of the deed has been confirmed.

The property subject of the loan is under:

- Substantial first degree mortgage, with the bank as beneficiary
- Insurance policy against the risk of fire, lightning and explosion, and including an encumbrance (*vincolo*) in favour of the bank.

Issuance can take place concurrently or non-concurrently with deed conclusion.

If the loan is not issued concurrently with deed conclusion, the bank will release the loan amount to the client only after the mortgage has been consolidated according to the Italian law.

***Fondiario* loans**: a loan can be qualified as *fondiario* under Article 38 of the Banking Law and the relevant implementing regulations, if the amount disbursed under the loan does not exceed 80 per cent. - or 100 per cent. whenever there are additional eligible guarantees - – of the value of the property to be mortgaged or of the cost of the work to be made on the same.

The ratio relating the amount of the loan disbursed by the Seller is detemined, under its internal procedures, as the ratio between the amount of the loan to be disbursed and the lower of (i) the purchase price of the property and (ii) the appraised value of such property.

SECTION 2 - ISSUANCE PROCESS FOR LOANS

INTRODUCTION

The issuance of the mortgage applications is carried out by an electronic platform developed by web called European Mortgage Platform (EMP).

The platform is based on a workflow system, whick permits the passage of the application in the different steps of the processing, with different roles in the weaving factory, assuring the safeguard of every channel/ally specifity.

Chapter 1

1. MORTGAGE ISSUANCE PROCESS

The first step in the process is the initial interview, or initial perusal of the documents forwarded by real estate agents with which a covenant is in place, with the aim of collecting and screening all information needed to grant the application, in particular to establish whether:

- the applicant’s income is adequate to cover payment of loan instalments;
- there is no counter-indications as to intended use of the loan money and the location of the mortgaged property;
- property value is adequate to allow issuance of the loan amount requested.
- the birth certificate of the applicant and of any joint-owners of the property;
- certificate of civil status or extract of marriage deed;

Once all documents is collected, the file is checked by the credit analyst, who verifies:

- identity of the applicant and of any guarantors;
- the correctness of the documentation;
- the quality of data with a verify of the balance between documentation and system files;
- absence of protested bills, checking, where it is not possible to obtain information from an information agency, the bulletins issued by the Chamber of Commerce.

Checking said information is a necessary step before any further assessment on the credit worthiness of the applicant and any guarantors.

2. EVALUATION OF THE PROPERTY

After completing the collection and screening of the information on the subjects involved in the loan application, it is necessary to complete the investigation on the file as regards information on the property.

This stage also included collection of the loan application together with documents needed for subsequent assessments, *inter alia*:

- the ground plan of the property;
- certified true copy of the last purchase deed of the property;
- historical cadastral certificate for the past twenty years, plus an authentic extract of the cadastral map, both issued recently;
- copy of the certificate of suitability for habitation, issued by the competent city office.

The bank uses two kind of assessments of the property:

- Appraisal by an indipendent property valuation company (standard)
- Appraisal by an independent expert registered in the roll of professionals (surveyors, engineers,…).

3. APPROVAL OF THE APPLICATION FOR A LOAN

After collection of required documentation, including the appraisal and the first draft of the contract prepared by the notary public, the duly authorised officer in possession of the necessary powers re-examines all the documentation produced and if he detects no grounds for reservations, in particular with regards to full title to the property as well as the same being free and clear from prejudicial registrations and transcriptions he proceeds with the acceptance of the credit/loan application.

4. DISBURSEMENT OF THE LOAN

Issuance of the loan, which is as a rule disbursed as a single payment, is subordinate to:

- registration of the mortgage on the pledged property and taking out of an insurance policy:
  - with term equal to the length of the mortgage,
  - for a value equal to the estimate from the property appraisal.

In particular, the mortgaged property has to be covered by an insurance policy including the risk of fire, lightning and explosion and include an encumbrance (vincolo) in favour of the Bank.

Chapter 2

1. APPLICATION DRAFTING PHASE

In the application drafting phase, the data needed for feeding the calculation algorithm are collected.

Information to be analysed is of the following types:

- personal details/master data;
- socio/demographic;
- income;
- records in public archives (protests, prejudicial registrations);
- contracts present on External Credit Bureaux;
- evidence of delinquent accounts with *Centrale Rischi* (BKI, SIA);
- other relations with UCB.

Information is fed into the system :

- manually, as regards information on applicant and guarantor taken from the data contained in the completed application form submitted by the client/prospective client together with personal documents (ID, taxpayer's code, etc.) and income documents (Mod. Unico (*income tax return*), pay sheet, etc.) making possible an initial check on the correctness of inputted information.
- by querying data-bases:
  - internal: (general master data, request for Chamber of Commerce certificate);
  - external: (Credit Bureaux) subject to authorisation from the subjects named in the application form, respectively as applicant(s) and guarantor(s), as required by privacy legislation. The Credit Bureaux provide for each name being vetted, a summary report of pending contracts and payment status as to pending contracts as well as a summary historical report on payments of paid off contracts.

2. INFORMATION ON THE TRANSACTION

To obtain final production of the rating assessment, it is first necessary to also input into the system the parameters of the transaction for which the loan is sought, in particular, the transaction must be recorded in the internal UniClient system in order to identify the financial repayment plan against the catalogue of products offered.

For mortgage loans, it is also necessary to complete, in the designated screens in the system, the fields pertaining to the following informations:

- type of building;
- building's surface area in square meters;
- province where the building is located;
- Postcode;
- commercial value of the property;
- whether commercial value was established by a reliable expert, estimated by the Director of a Market Agency, Branch etc., or appraised by the partner;
- source of the property (sale and purchase, gift, inheritance/succession, *usucapione*, …);
- presence of any encumbrances on the property (asset fund, habitation right,…).

3. RATING CALCULATION

Once this stage of the examination has been reached, the system has obtained all the information it needs to establish a rating score and to identify who within the Seller body can approve the loan application.

The rating score may be:

- "white rating": i.e. the score is higher than the minimum acceptance threshold;
- "black rating": i.e. the score is lower than or equal to the minimum acceptance threshold.

Concurrently with calculation of the rating score, if the rating is "white", the so-called "policy rules" apply; they are divided into:

- "black rules": these point out the risk/income aspects, which advise against acceptance of the application, unless they are accompanied by appropriate reasons and are subject to the opinion of the Credit Department (*Direzione Crediti*);
- "insufficient income": a sub-rule of the "black rule" identifying applications that can only be accepted if review of terms of the loan (duration and amount) or addition of a further guarantor enable the applicant(s) to meet the minimum income conditions required.
- "power of Credit Department rules": these show situations relating to those borrowers and/or transactions, the evaluation of which is the responsibility of the Credit Department (*Direzione Crediti*).

4. OUTCOME OF THE PROCEDURE

The outcome of the procedure may be as follows:

- Admissible Outcome: when the application for a loan has obtained a white rating, and no decision-making rules are required. If the credit scoring assesses the application as admissible, concurrent identification takes place of the department empowered to authorise granting of the loan;
- Negative Outcome: this may stem from black rating or white rating plus one or more black policy rules. Decision-making power rests with the Credit Department (*Direzione Crediti*);
- Credit Department Faculty Outcome: this takes place every time even if a "white" credit rating has been issued, a Credit Department Faculty takes place. Decision-making power rests with the Credit Department (*Direzione Crediti*).

5. PREPARATION OF FINAL DOCUMENTATION AND STIPULATION OF THE MORTGAGE LOAN AGREEMENT

Together with the detailed technical and identification documentation, appraisal of the property to be mortgaged, and credit worthiness assessment, a notary public is asked to draw up a preliminary report, which should be delivered before the date set for executing the mortgage contract, allowing sufficient time for checking possible doubtful elements which may be included in the report as regards full title to the property by the mortgagor, the existence of

liens or charges on the property subject of the mortgage and the inexistence of bankruptcy proceedings against the applicants and the guarantors.

Once property identification and technical details have been obtained, the bank secures, if it has not already done so in the previous phase, the mortgaged property appraisal.

The mortgage loan agreement is then signed with a single bilateral or unilateral deed.

At the time of execution of the loan agreement, an insurance policy covering the property against damage from fire, lightning and explosion must be requested as a mandatory condition; the insurance policy must contain an encumbrance (*vincolo*) in favour of the bank and must be entered into with an insurance company of the group or a leading insurance company.

Any mortgage on the relevant property must be assessed for an amount exceeding the amount of the loan, since also interest accruing, default interest, if any, and all expenses connected with the start of legal proceedings aimed at the recovery of the claim covered by the mortgage must be guaranteed.

SECTION 3 - COLLECTION POLICIES

Residential Mortgage Loans

The terms with initial capital below, unless otherwise defined, will have the same meaning as that given them in the Servicing Agreement.

In order to better manage the Mortgage Receivables portfolio, the Servicer and its delegates (if appointed) will share each other the information and relevant data of their collection systems, accounting and credit administration systems.

Methodology of Installment Payments

With reference to the Mortgage Receivables, at expiration date of the installment, the Servicer will monitor the payment by the assigned debtors who have authorized the direct debit through a bank account belonging to the UniCredit Banking Group, simultaneously crediting the amounts received by such debtors to the accounts of the SPV in the way specified in the Servicing Agreement. The automatic debit installments will be made only in the presence of 100% of the liquid funds needed to make the payment (the system will not accept partial payments). Any other collection received in relation to the Mortgage Receivables through a different mechanism (payment through wire transfer, through a direct inter-bank remittance (RID), or other technologies) will be credited on the accounts of the SPV with a value date equal to the date of collection or earlier if recognized by the Debtor in the manner specified in the Servicing Agreement.

Monitoring and administration

The application "Risk Monitoring Tool -SMR." is used as support of the entire operational monitoring of retail customers.

The performing portfolio Mortgage Receivables with at least one exposure that may present a risk, even potential, for the Servicer are monitored on a monthly basis.

All positions subject to monitoring can be classified within one of these macro classes:

• PERFORMING (BO): relationships with regular behaviour;

• IN OBSERVATION (IO): reports highlighting signals of anomalies of a certain severity and duration / frequency, but expected to overcome;

• TO RETURN (AR) reports that show a deterioration in the risk profile under which the Servicer decides to return in a "good-tempered" way from exposure;

• DEBT RECOVERY (RC): exposures to borrowers in temporary objective difficulties, which are likely to be resolved within a reasonable period, regardless of whether any secuities or collateral posted to support the claims (Substandard) or exposures to borrowers in default (although not legally recognized) or in similar situations, irrespective of the existence of any collateral or security to support the loan (“Sofferenze”)

The periodic debiting fo the installments of loans in the specific tool of the Servicer produces evidence in reports if the installment is not covered in the account on which the installments are settled.

To date, these findings are used by the structure of UBIS , on mandated by the Servicer, which carries out preliminary checks and promotes interventions aiming at recover the non-payment, in case of technical faults.

After the time limits defined (currently equal to a maximum of 45 days) and persisting situation of default, the monitoring and administration of these abnormal positions is centralized at the structure of Ge.Mo., which is responsible for running operation the to customers.

The centralized administration of non performing Mortgage Receivables is performed, even with the help of appropriate technological tools, in different phases associated with increasing duration of delay:

A – Direct Payment Reminder

This phase of the collection process consist in a “Friendly Collection” activity and has the scope to identify the reasons of the delay in the payment of the instalments and to return to a regular situation (payment of overdue instalments). Direct reminders, in the event of negative outcome, are normally run out within 105 days from expiry date of the unpaid instalment.

B – Home Collection

After the terms established for direct reminder have expired, if delay persists, outstanding payments are forwarded on behalf of the Servicer for collection to any other specialised credit recovery agency.

Within the usual management process of the external agencies, the activities consist in the creation of homogeneous positions of consecutive first recovery step and second recovery step (each step having a duration of 45 days plus 30 days extension in case of a positive outcome).

During the reference period for the management of the home collection it was developed, within predetermined perimeters of positions not delegated to external agencies, a concurrent process aimed at maximising the recovery possibilities of the client by introducing an asset management approach.

This implies a "one to one" management of the client, the launch of specific campaigns with advanced collection products (Salto rata, Arca 12 months extendible for additional 12 months).

The process of management and allocation to each phase and the maintenance of the loan in each phase does not depend from the number of instalments overdue but from the number of days of delay.

Management of Defaulted Receivables

If the terms established have expired and recovery attempts without judicial recourse (either direct and/or home collection) haven't borne fruit, or even before then, if conditions/events occur that, in the Servicer's opinion, show a worsening of the debtor's credit worthiness, the positions will be classified by the Servicer as *Crediti ad Incaglio* or *Crediti in Sofferenza*. In the event of classification of a claim as *Credito ad Incaglio*, the Servicer shall ask for the payment of the overdue instalments increased by default interest in relation to the original repayment schedule. If the claim is classified as being a *Credito in Sofferenza*, the Servicer shall terminate the loan agreement asking for the full payment of all amounts outstanding.

The doubtful classification is done according to a global evaluation about the total exposure of the customer. If the customer is eligible to doubtful classification due to delay on consumer loans, but he is regular for a mortgage, the evaluation will be applied considering the customer global exposure and collection activities in place.

A claim shall be classified by the Servicer as *Credito ad Incaglio* when the position of the assigned debtor of objective difficulties is assessed as temporary and it is expected that the situation may be corrected within a reasonable period of time.

For the purpose of the issue programme and associated reporting, credit classified as defaulting will not be recorded as a performing loan (*in bonis*), even after the borrower has corrected his position.

The Servicer, besides performing correct classification, will assess credit and manage credit protection and recovery in collaboration with the sub-servicer.

In particular, the sub-servicer shall implement any and all out of court and/or judicial initiatives that appear feasible and/or appropriate for the management of the relevant claims in compliance with the procedures described below. The sub-servicer shall analyse in detail the documents relating to the claim received by the Servicer and shall transfer to its claim monitoring system all data relating to the file.

The file will be assigned by the management system to an internal manager on the basis of several criteria, such as, by way of example, the geographic location of the assigned debtor, its sector of activity, type of exposure and amount of the same. The selected Sub-Servicer manager shall attempt to contact the client by phone or letter or other suitable means, including

personal contact. In certain cases, an external adviser/third company selected according to certain pre-established criteria may be retained to assist the in-house manager. Any such adviser/third company shall work under close supervision of the internal manager and its appointment shall normally be established in 60 days, which may be extended; upon expiry of the appointment, the external provider shall be replaced by another external adviser/third company.

The Sub-Servicer manager, also via external advisers/third company, shall attempt to settle the relevant file through an out-of-court settlement, based on negotiation of repayment (*rientro*) with the Assigned Debtor.

Proposed settlement of the debt position formulated by the Sub-Servicer manager will be in line with the powers provided for in the Servicing Agreement.

The proposal thus put forward will be submitted for approval to the Sub-Servicer's competent body (if any), based on the delegation system established by the same Sub-Servicer, and the final outcome will be communicated to the Assigned Debtor.

If the proposal is accepted by the competent body, data on the newly agreed repayment plan will be uploaded on the management system, which will automatically send reminders to the manager in the event of irregularity. If the Assigned Debtor fails to effect payments due under the negotiated solution, as reported by the management system the resolution will be canceled.

If the competent body does not accept the proposal and the restructured loan proposal is rejected by the relevant department of the Sub-Servicer and no alternative negotiated solutions are reached, legal action shall be initiated if deemed appropriate or suitable, by means of service of a payment order (*precetto*) to the assigned debtor followed by seizure of the mortgaged property, and by subsequent enforcement process with sale of the mortgaged property in accordance with the legal procedures. For its legal activity, the Sub-Servicer shall use external legal advisers of its choice with proven experience in debt collection judicial proceedings, using the same management system, or a similar one, enabling on-going monitoring of judicial activities.

However, also during legal proceedings, the Sub-Servicer will explore and utilise all options available, including out-of-court settlements, to maximise collections and minimise costs associated with loan recovery.

Once all the activities and attempts to renegotiate the loan with the client have proven to be unsuccessful and in the Sub-Servicer's (if any) opinion no further actions are viable for collection of the overdue amount, the Sub-Servicer may proceed with the sale of the *Credito in Sofferenza*, in compliance with precise conditions established under the Servicing Agreement. After the judicial or out-of-court proceedings have been completed, sums recovered will be collected, or, if no recovery was achieved the mandate will be closed.

In any event, the Sub-Servicer shall notify the Servicer of the successful full or partial collection of the receivable or of the impossibility or inconvenience of conducting any additional judicial or out-of-court activities.

Possible full or partial write-off shall be decided upon by the competent department of the Servicer

Early Repayment

According to the provisions in place for the Servicer's clients, under the terms of the mortgage loan agreement, a borrower can fully or partially pre-pay its mortgage loan at any time through the payment of the due amount.

Full Early Repayment

If the borrower wishes to pre-pay his/her mortgage loan in full, he/she shall pay the amount of the residual debt on the principal account, after settling any instalments fallen due and unpaid, as well as any interest accrued from the due date of the last instalment up to the date of final settlement. In addition to these sums, a penalty for early repayment, if applicable according to the law, will also be charged, calculated as a percentage of outstanding debt at the time of repayment.

Partial Early Repayment

The case of partial early repayment, also called partial reduction, provides for payment of a sum by the borrower as advanced repayment of part of the principal. The partial reduction of the residual debt shall entail recalculation of the repayment schedule, which in turn shall entail, leaving due dates unchanged, a reduction in the instalments to be collected.

Under both full and partial pre-payment, the fee schedule usually, if applicable according to the law, makes provision for the payment of a fixed percentage applied to the amount of residual debt. Normally tha above mentioned fee, if due, is debted in the last installment paid by the debtor.

One mandatory condition for the borrower to avail him/herself of early full or partial repayment is the inexistence of any outstanding unpaid instalments; moreover, in the event of loans with index-linked rate (if any), any adjustments possibly due by the debtor must have already been paid.

DESCRIPTION OF THE OBG GUARANTOR

The OBG Guarantor has been established as a special purpose vehicle for the purpose of guaranteeing the OBG in accordance with article 7-bis of the Law 130.

The OBG Guarantor is a limited liability company (*società a responsabilità limitata*) incorporated under Italian law in the Republic of Italy under Article 3 of the Law 130 on 17 November 2011, belonging to the "*Gruppo Bancario UniCredit*" registered with the register of banking groups held by the Bank of Italy pursuant to Article 64 of the Banking Law under No. 02008.1 (the "**UniCredit Banking Group**" or "**UniCredit**").

By way of a shareholders' resolution adopted on 7 December 2011, the bylaws of the company has been amended in order to allow the company to act as special purpose vehicle within covered bonds transactions in accordance with the Article 7-*bis* of the Law 130.

By way of a shareholders' resolution registered on 11 January 2012, the corporate name of the OBG Guarantor was changed from "Cordusio One RMBS s.r.l." to "UniCredit OBG s.r.l.".

The OBG Guarantor is enrolled under number 04064320239 with the Companies Register Verona pursuant to Article 7-*bis* of the Law 130.

The OBG Guarantor has its registered office at Piazzetta Monte 1, 37121, Verona, Italy; the telephone number of the registered office is +39 045 8678870 and the fax number is +39 045 8944828. The OBG Guarantor has no employees.

The authorised, issued and fully paid in quota capital of the OBG Guarantor is €10,000.

The duration of OBG Guarantor shall be until 31 December 2100.

Business Overview

The exclusive purpose of the OBG Guarantor is to purchase from banks, against payment, receivables and notes issued in the context of a securitisation transaction, in compliance with Article 7-*bis* of Law 130 and the relevant implementing provisions, by means of loans granted or guaranteed also by the selling banks, as well as to issue guarantees for the OBG issued by such banks or other entities.

The OBG Guarantor has granted the guarantee to the benefit of the Representative of the OBG Holders (acting on behalf and in the name of the OBG Holders), of the counterparts of derivatives contracts entered into with the purpose to cover the risks inherent the purchased credits and securities and of the counterparts of other ancillary contracts, as well as to the benefit of the payment of the other costs of the transaction, with priority in respect of the reimbursement of the others loans, pursuant to paragraph 1 of Article 7-*bis* of Law 130.

Since the date of its incorporation, the OBG Guarantor has not engaged in any business other than the purchase of the Initial Portfolio and the New Portfolios under the Programme and the entering into of the Transaction Documents and of the relevant transaction documents for the issuance of OBG under the Programme.

Save for the foregoing, the OBG Guarantor has not entered since 17 November 2011 (this being the date of its incorporation) into any contracts outside the ordinary course of business that have been or may be reasonably expected to be material to its ability to meet its obligations to OBG Holders.So long as any of the OBG remain outstanding, the OBG Guarantor shall not, without the consent of the Representative of the OBG Holders and as provided in the Conditions and the other Transaction Documents, incur any other indebtedness for borrowed moneys or engage in any business except pursuant to the Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or the Transaction Documents) or guarantee any additional quota.

The OBG Guarantor will covenant to observe, *inter alia*, those restrictions which are detailed in the Intercreditor Agreement.

Material Contracts

The OBG Guarantor has not entered into any contracts in the last two years outside the ordinary course of business that could materially prejudice its ability to meet its obligations to OBG Holders under the OBG Guarantee.

Administrative, Management and Supervisory Bodies

The OBG is currently managed by a Board of Directors which, in accordance with the Quotaholder's Agreement, is at the date of this Prospectus comprised by 3 directors, 2 of which to be appointed by the Seller and one of which to be appointed by SVM Securitisation Vehicles Management S.r.l.

The directors of the OBG are as at the date of this Prospectus:

Name	***Appointment***	***Address***	***Principal Activities***
Enrico Gambini	Chairman	Piazzetta Monte, 1 - Verona	Manager
Daniela Cinzia Giovanna Covini	Director	Piazzetta Monte, 1 - Verona	Lawyer
Nausica Pinese	Director	Piazzetta Monte, 1 - Verona	Manager

The Company did not appoint a Board of Statutory Auditors, pursuant to Article 2447 of the Italian Civil Code.

Conflict of Interest

There are no potential conflicts of interest between the duties of the directors and their private interests or other duties.

Major Shareholders

The quotaholders of the OBG Guarantor (hereafter together the "**Quotaholders**") are as follows:

UniCredit S.p.A.	€6,000.00 of the quota capital;
SVM Securitisation Vehicles Management S.r.l.	€4,000.00 of the quota capital.

The Quotaholders' Agreement contains *inter alia* a call option in favour of the Seller to purchase from SVM and a put option in favour of SVM to sell to the Seller, the quota of the OBG Guarantor held by SVM and provisions in relation to the management of the OBG Guarantor. Each option may only be exercised from the day on which all the OBG have been redeemed in full or cancelled.

In addition the Quotaholders' Agreement provides that no Quotaholder of the OBG Guarantor will approve the payments of any dividends or any repayment or return of capital by the OBG Guarantor prior to the date on which all amounts of principal and interest on the OBG and any amount due to the Secured Creditors (including the OBG Holders) have been paid in full.

Italian company law combined with the holding structure of the OBG Guarantor, the covenants made by the OBG Guarantor, the Issuer and SVM Securitisation Vehicles Management S.r.l. in the Quotaholders' Agreement and the role of the Representative of the OBG Holders are together intended to prevent any abuse of control of the OBG Guarantor. The OGB Guarantor is subject to the direct ownership and control of UniCredit S.p.A.

Special purpose vehicle

The OBG Guarantor has been established as a special purpose vehicle for the purposes of issuing guarantees in respect of OBG. The OBG Guarantor may carry out other OBG transactions in addition to the one contemplated in this Prospectus, subject to certain conditions.

Capitalisation and Indebtedness Statement

The capitalisation of the OBG Guarantor as at the date of this Prospectus is as follows:

Quota capital Issued and authorised

UniCredit S.p.A. has a quota of €6,000.00 and SVM has a quota of €4,000.00, each fully paid up.

Total capitalisation and indebtedness

Save for the foregoing and for the OBG Guarantee and the Subordinated Loan in accordance with the Subordinated Loan Agreement, at the date of this document, the OBG Guarantor has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial Statements and Report of the Auditors

Copy of the financial statements of the OBG Guarantor for each financial year since the OBG Guarantor's incorporation will, when published, be available in physical form for inspection free of charge during usual office hours on any Business Day (excluding public holidays) at the registered office of the OBG Guarantor.

Deloitte & Touche S.p.A., a company incorporated under the laws of Italy, enrolled with the Companies' Register of Milan under number 03049560166 and registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by Minister of Economy and Finance effective from 7 June 2004 with registration number no: 132587, having its registered office at via Tortona 25, 20144 Milan, Italy, ("**Deloitte**") has been appointed to act as external auditors of the OBG Guarantor and are the current external auditors of the OBG Guarantor. Deloitte is also a member of Assirevi – Associazione Italiana Revisori Contabili, the Italian association of auditing firms.

Deloitte audited the financial statements of the OBG Guarantor in respect of the years ended, respectively, on 31 December 2015 and on 31 December 2016.

The OBG Guarantor's accounting reference date is 31 December in each year. The current financial period of the OBG Guarantor will end on 31 December 2017. The OBG Guarantor does not produce interim financial statements.

Documents on Display

For the life of the Prospectus the following documents may be inspected at the offices of the Administrative Services Provider, the Representative of the OBG Holders and the Luxembourg Listing Agent in Luxembourg:

(a) the memorandum and articles of association of the OBG Guarantor;

(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the OBG Guarantor's request any part of which is included or referred to in the registration document;

(c) the historical financial information of the OBG Guarantor or, in the case of a group, the historical financial information of the OBG Guarantor and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.

DESCRIPTION OF THE ASSET MONITOR

The BoI OBG Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the OBG Guarantee.

Pursuant to the BoI OBG Regulations, the asset monitor must be an independent auditor, enrolled with the special register of accounting firms held by the CONSOB pursuant to Article 161 of the Financial Services Act and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer and the OBG Guarantor.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Board of Statutory Auditors *(collegio sindacale)* of the Issuer.

BDO Italia S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy, having its registered office at Viale Abruzzi, 94, 20131, Milan, Italy, fiscal code, VAT number and enrolment number with the companies register of Milan no. 07722780967, and enrolled under number 167911 with the register of statutory auditors (*Registro Dei Revisori Legali*) maintained by the Minister of Economy and Finance.

Pursuant to an engagement letter entered into on 19 January 2012, as subsequently amended on 14 November 2014, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia,* (i) compliance with the issuing criteria set out in the MEF Decree with respect to the issuance of OBG; (ii) compliance with the eligibility criteria set out in the MEF Decree with respect to Assets and Integration Assets included in the Portfolios; (iii) compliance with the limits on the transfer of Assets set out in the MEF Decree; (iv) compliance with the limits set out in the MEF Decree with respect to OBG issued and assets included in the Portfolios as determined by Mandatory Tests; (v) the effectiveness and adequacy of the risk protection provided by any swap agreement entered into in the context of the Programme; and (vi) the completeness, truthfulness and the timely delivery of the information provided to investors pursuant to article 129, paragraph 7, of the CRD IV Regulation.

The engagement letter reflects the provisions of the BoI OBG Regulations in relation to the procedures and proportionality principles applicable to the conduct of the monitoring activities by the Asset Monitor, the reports to be prepared and submitted by the Asset Monitor on an annual basis also to the Board of Statutory Auditors *(collegio sindacale)* of the Issuer.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, the Issuer, the Calculation Agent, the Asset Monitor, the OBG Guarantor and the Representative of the OBG Holders entered into the Asset Monitor Agreement on 19 January 2012, as subsequently ameded, as more fully described under "*Description of the Transaction Documents — Asset Monitor Agreement*", below.

CREDIT STRUCTURE

The OBG will be direct, unsecured, unconditional obligations of the Issuer. The OBG Guarantor has no obligation to pay the Guaranteed Amounts under the OBG Guarantee until the occurrence of an Issuer Event of Default and the service by the Representative of the OBG Holders on the Issuer and on the OBG Guarantor of a Notice to Pay. The Issuer will not be relying on the OBG Guarantor and on any payments received from the OBG Guarantor in order to pay interest or repay principal under the OBG.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to OBG Holders, as follows:

(i) the OBG Guarantee provides credit support to the Issuer;

(ii) the Mandatory Tests are intended to ensure that the Eligible Portfolio is at all times sufficient to repay the OBG;

(iii) the Over-Collateralisation Test is intended to test the asset coverage of the OBG Guarantor's assets in respect of the OBG for so long the OBG remain outstanding;

(iv) the Amortisation Test is intended to test the asset coverage of the OBG Guarantor's assets in respect of the OBG following the occurrence of an Issuer Event of Default, and the service of a Notice to Pay on the Issuer and the OBG Guarantor; and

(v) the Reserve Account is established for the purposes of trapping, from time to time, excess cash flow from the Interest Available Funds to cover an amount equal to the sum of (A) (B) and (C)

where

(A) means the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor;

(B) means the amount of interest due and payable by the OBG Guarantor on the immediately succeeding Guarantor Payment Date (without double counting with (A); and

(C) means an amount equal to 0.50% of the Outstanding Principal Balance of Portfolio as at the end of the immediately preceding Collection Period.

Certain of these factors are considered more fully in the remainder of this section.

OBG Guarantee

The OBG Guarantee provided by the OBG Guarantor guarantees the payment of Guaranteed Amounts (as defined in the Conditions) on the relevant Scheduled Due for Payment Date (as defined in the Conditions) in respect of all OBG issued under the Programme. The OBG Guarantee will not guarantee any other amount becoming payable in respect of the OBG for any other reason, including any accelerated payment, following the occurrence of an Issuer Event of Default. In this circumstance (and until a Guarantor Event of Default occurs and a Guarantor Acceleration Notice is served), the OBG Guarantor's obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment.

See further "*Description of the Transaction Documents — OBG Guarantee*", as regards the terms of the OBG Guarantee and see "*Accounts and Cashflows —Priority of Payments*", as regards the payment of amounts payable by the OBG Guarantor to OBG Holders and the other Secured Creditors following the occurrence of an Issuer Event of Default.

Under the terms of the Portfolio Administration Agreement, UniCredit (as Seller and Issuer), the Additional Seller (if any) must ensure that, on each Calculation Date and on each OC Calculation Date prior to service of a Notice to Pay, the Eligible Portfolio and the OC Adjusted Eligible Portfolio, as at the immediately preceding Reconciliation Date, is in compliance with the Mandatory Tests and the Over-Collateralisation Test, respectively. If on any Calculation Date or any OC Calculation Date (as the case may be) the Eligible Portfolio is not in compliance with the Mandatory Tests or, as the case may be, the OC Adjusted Eligible Portfolio is not in compliance with the Over-Collateralisation Test, then UniCredit (as Seller and Issuer) and the Additional Seller (if any) shall sell to the OBG Guarantor Assets or Integration Assets in an amount sufficient to allow the Mandatory Tests and the Over-Collateralisation Test (as applicable) to be satisfied, in accordance with, as appropriate, the Master Transfer Agreement and the Portfolio Administration Agreement (including the transfer agreement(s) to be entered into by the Additional Seller (if any), if applicable). To this extent the UniCredit (as Issuer and Seller), the Additional Seller (if any), as the case may be, shall provide, in accordance with the Subordinated Loan or, as the case may be, with any additional subordinated loan, the funds necessary the purposes of funding the purchase of Assets or Integration Assets.

If (i) the breach of Mandatory Tests is not remedied within one calendar month from the service by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor (the "**Mandatory Test Cure Period**"), or (ii) the breach of the Over-Collateralisation Test is not remedied within one calendar month from the service by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor (the "**OC Cure Period**"), an Issuer Event of Default shall occur.

Mandatory Tests

Pursuant to the MEF Decree, for so long as the OBG remain outstanding, the Issuer (also as Seller) or any Additional Seller (if applicable) shall procure on a continuing basis and on each Calculation Date or on any other date on which the verification of the Mandatory Tests is required pursuant to the Transaction Documents that:

(a) the Outstanding Principal Balance of the Eligible Portfolio (net of any amount standing to the credit of the Accounts other than the Principal Collection Account) from time to time owned by the OBG Guarantor shall be higher than or equal to the Outstanding Principal Balance of the OBG at the same time outstanding;

(b) the Adjusted Net Present Value of the Eligible Portfolio shall be higher than or equal to the Present Value of the outstanding OBG;

(c) the Expected Income shall be higher than or equal to the Expected Payments,

(the tests above are jointly defined as the "**Mandatory Tests**").

The compliance with the Mandatory Tests will be verified by the Calculation Agent and subsequently checked by the Asset Monitor, and by the internal risk management functions of the UniCredit Banking Group (under the supervision of the management body of the Issuer) on each Calculation Date and on any other date on which the verification of the Mandatory Tests is required pursuant to the Transaction Documents.

For the purposes of this section:

"**ABS Portfolio**" means a portfolio of receivables purchased from an ABS Securities Issuer in the context of the relevant ABS Transaction.

"**ABS Securities Issuer**" means each company incorporated under Law 130 which has issued ABS Securities.

"**ABS Transaction**" means each Italian law governed securitisation transaction carried out by an ABS Securities Issuer in the context of which ABS Securities have been issued.

"**Adjusted Net Present Value of the Eligible Portfolio**" means at any date the Present Value of the Eligible Portfolio *minus* the Present Value of the payments to be made in priority to or *pari passu* with any amount to be paid in relation to the OBG in accordance with the relevant Priority of Payments.

"**Credito ad Incaglio**" means any Mortgage Receivable classified as "*incaglio*" by the Servicer on behalf of the OBG Guarantor in compliance with the Collection Policies following the relevant Evaluation Date.

"**Credito in Sofferenza**" means any Mortgage Receivable classified as "*in sofferenza*" by the Servicer on behalf of the OBG Guarantor in compliance with the Collection Policies, as interpreted and applied in compliance with BoI OBG Regulations and in accordance with principles governing the prudential administration of Mortgage Receivables and with the maximum standard of *diligenza professionale*.

"**Defaulted Receivables**" means Mortgage Receivables which, following the relevant Evaluation Date, have been classified by the Servicer on behalf of the OBG Guarantor as Crediti ad Incaglio or Crediti in Sofferenza or which have been Receivables in Arrears for at least 360 days.

"**Defaulted Security**" means a Security in respect of which a notice of default has been served and/or a Security which has been accelerated in accordance with the relevant terms and condition.

"**Earliest Maturing OBG**" means at any time the relevant Series of the OBG that has the earliest Maturity Date as specified in the applicable Final Terms or the Extended Maturity Date (if an Extendible Maturity Date is provided by the applicable Final Terms).

"**Eligible Portfolio**" means the aggregate amount of Assets and Integration Assets (including (i) any sum standing to the credit of the Accounts and (ii) the Eligible Investments) *provided that* (i) any Defaulted Receivable or Defaulted Securities and those Assets or Integration Assets for which a breach of the representations and warranties granted under Clause 2 of the Warranty and Indemnity Agreement has occurred and has not been remedied will not be

considered for the purpose of the calculation, (ii) any Mortgage Receivable in respect of which the Loan to Value Ratio exceed the percentage limit set forth under Article 2, para. 1, of the MEF Decree, will be calculated up to an amount of principal which – taking into account the Market Value of the Real Estate related to the sale of that Mortgage Receivable – allows the compliance with such percentage limit, (iii) the aggregate of the Integration Assets in excess of the Limit to the Integration will not be considered for the purposes of the calculation, and (iv) in relation to any ABS Securities, if the aggregate Outstanding Principal Balance of the Non-Eligible Underlying Assets exceeds 5% of the Outstanding Principal Balance of the Underlying Assets (both as calculated on the most recent calculation date of the relevant ABS Securities as specified in the relevant ABS Transaction documents), an amount equal to the aggregate Outstanding Principal Balance of such Non-Eligible Underlying Assets in excess of the above mentioned 5%, multiplied by, in respect of each relevant ABS Securities, the ratio between (i) the Outstanding Principal Balance of the relevant ABS Securities which have been transferred to the OBG Guarantor, and (ii) the Outstanding Principal Balance of all ABS Securities of the same class will not be considered for the purpose of the calculation.

"**Expected Income**" means, at any given time, the sum of the interest collections expected to be collected under the Eligible Portfolio, as from time to time outstanding on the basis of the scheduled payments, any interest maturing on the OBG Guarantor's Accounts and other additional cash flows expected to be deposited in the Accounts (to the extent not already included in the above). For the avoidance of doubt such calculation is performed with respect to the Eligible Portfolio as of the immediately preceding Reconciliation Date.

"**Expected Payments**" means, at any given time, any amount of interest payable in respect of the OBG and any amount to be paid in priority to, or *pari passu* with, any amount to be paid in respect of the OBG in each case in accordance with the relevant Priority of Payments. For the avoidance of doubt, any amounts above will result to be estimated (if relevant) on the basis of the Portfolio or the Eligible Portfolio (as the case may be) being from time to time outstanding on the basis of the scheduled payments. For the avoidance of doubt such calculation is performed with respect to the Eligible Portfolio as of the immediately preceding Reconciliation Date.

"**Limit to the Integration** " means the limit of 15 per cent. of the aggregate Outstanding Principal Balance of the assets included in the Portfolio, set forth under Article 2, paragraph 4, of the MEF Decree, as amended and supplemented from time to time, to the integration of the Portfolio through Integration Assets.

"**Loan to Value Ratio**" means on a certain date and with reference to any single Mortgage Receivable, the ratio between: (a) the Outstanding Principal Balance of the specific Mortgage Receivable and (b) the most recent Market Value of the Real Estate related to such Mortgage Receivable.

"**Negative Carry Corrector**" means a percentage calculated by reference to the average margin payable on the outstanding Series of OBG weighted for the Principal Amount Outstanding of each outstanding Series of OBG plus 0.5 per cent.

"**Negative Report**" means each of the report to be delivered by the Calculation Agent under the Portfolio Administration Agreement in case of breach of any of the Mandatory Tests, the Over-Collateralisation Test or the Amortisation Test, as the case may be.

"**Non-Eligible Underlying Assets**" means the assets included in an ABS Securities (as calculated on the most recent calculation date of the relevant ABS Securities, as specified in the relevant ABS Transaction documents) which would not be eligible in accordance with the provisions of the MEF Decree.

"**OC Calculation Date**" means on any give date, (a) if no Negative Report is delivered by the Calculation Agent (or a Negative Report is delivered and the relevant breach has been cured), 4 (four) Business Days prior to each Guarantor Payment Date, or (b) if a Negative Report is delivered and until the relevant breach has been cured, 4 (four) Business Days before the end of each calendar month.

"**Outstanding Principal Balance**" means, at any date, in relation to a loan, a bond or any other asset the aggregate nominal principal amount outstanding of such loan, bond, or asset at such date.

"**Outstanding Principal Balance of the Eligible Portfolio**" means the Outstanding Principal Balance of the Eligible Portfolio.

"**Outstanding Principal Balance of the OBG**" means the Outstanding Principal Balance of the outstanding OBG.

"**Present Value**" means, as of any date, the value resulting from discounting at a given discount rate a series of future payments or incomes (as the case may be).

"**Random Basis**" means any process which selects Assets on a basis that is not designated to favour the selection of any identifiable class, type or quality of assets over all the Assets forming part of the Portfolio.

"**Receivables in Arrears**" means those Mortgage Receivables which have not been classified as Defaulted Receivables and which have at least one Unpaid Instalment.

"**Reconciliation Date**" means the last calendar day of each Collection Period or, fo so long a breach of any of the Tests is outstanding, the last calendar day of each calendar month.

"**Required Redemption Amount**" means in respect of any relevant Series or Tranche of OBG, the amount calculated as follows:

The Outstanding Principal Balance of the relevant Series or Tranche of OBG

Multiplied by

(1+(Negative Carry Corrector * (with respect to OBG which are not Pass-Through OBG, days to the Maturity Date of the relevant Series or Tranche of OBG/365 or, with respect to Pass-Through OBG, 31days)).

"**Securities**" means the ABS Securities, the Public Securities and the securities mentioned under article, 2, para. 3, point 3, of the MEF Decree, or any one of them, as the context requires.

"**Selected Assets**" means the Assets selected on a Random Basis to be sold by the OBG Guarantor, following the delivery of a Notice to Pay pursuant to the terms of the Portfolio Administration Agreement.

"**Underlying Assets**" means the assets comprised in the relevant segregated portfolio backing the relevant ABS Securities.

"**Unpaid Instalment**" means a due instalment that has not been paid, also partially, within 30 days starting from the date on which it becomes due and payable.

Over-Collateralisation Test

The Portfolio and the other assets of the OBG Guarantor shall be also subject, as at each OC Calculation Date and prior to each issuance, to the following test, intended to ensure that the ratio between the OBG Guarantor's assets and the OBG is maintained at a certain minimum level. UniCredit (as Seller and Issuer) and any Additional Seller (if any) shall procure on a continuing basis and on each OC Calculation Date that the OC Adjusted Eligible Portfolio shall be equal to or higher than the Outstanding Principal Balance of the OBG (the "**Over-Collateralisation Test**").

The "**OC Adjusted Eligible Portfolio**" shall be calculated as follows: (A+B+C+D+E) - Z

Where

"A" is the aggregate of the values determined in respect of each Mortgage Receivable as the lower of (i) F, and (ii) G, where

"F" is P*M-T, where,

"P" means (i) VO + J*(VI - VO) if VI results to be higher than or equal to VO, or (ii) VI*80 per cent. or 60 per cent. (depending on whether the Mortgage Receivable is a Residential Mortgage Receivable or a Non-Residential Mortgage Receivable) if VI is lower than VO;

"VI" means the Market Value of the Real Estate;

"VO" means the original market value of the Real Estate;

"J" means 70 per cent.;

"M" means in respect of a Mortgage Receivable other than those Mortgage Receivables in respect of which (or in respect of the Loan Agreement from which such Mortgage Receivable arises) any of the representations and warranties set out in the Warranty and Indemnity Agreement have been breached to the extent the OBG Guarantor has not already been indemnified by the Seller (or

by any Additional Seller, if applicable) (i) 100 per cent. if the Mortgage Receivables is not a Receivable in Arrear or a Defaulted Receivable, or (ii) 65 per cent. if the Mortgage Receivables is a Receivable in Arrear or (iii) 0 per cent. if the Mortgage Receivable is a Defaulted Receivable;

"T" means any financial loss incurred by the OBG Guarantor due to any breach of any other material representation and warranty by the Seller (or by any Additional Seller, if applicable), to the extent the OBG Guarantor has not already been indemnified by the Seller (or by any Additional Seller, if applicable);

"G" is the result of the Outstanding Principal Balance of the Mortgage Receivables other than those Mortgage Receivables in respect of which (or in respect of the Loan Agreement from which such Mortgage Receivable arises) any of the representations and warranties set out in the Warranty and Indemnity Agreement have been breached to the extent the OBG Guarantor has not already been indemnified by the Seller (or by any Additional Seller, if applicable), multiplied by the Asset Percentage *minus* T (as described above);

"**B**" means the balance of the Accounts opened with the Account Bank;

"**C**" means the balance of the Eligible Investments (with respect to the portion deriving from the Principal Collections only) without duplication with B and the Outstanding Principal Balance of the Securities without duplication with D and E;

"**D**" means the aggregate Outstanding Principal Balance of all ABS Securities comprised in the Eligible Portfolio, *minus* the sum of, without double counting:

(i) the aggregate Outstanding Principal Balance of all ABS Securities comprised in the Eligible Portfolio in relation to which a breach of any of the material representations and warranties contained in the relevant Master Transfer Agreement has occurred;

(ii) the aggregate Outstanding Principal Balance of all ABS Securities (comprised in the Eligible Portfolio) classified as Defaulted Securities;

(iii) if the aggregate Outstanding Principal Balance of the Non-Eligible Underlying Assets exceeds 5 per cent. of the Outstanding Principal Balance of the Underlying Assets (both as calculated on the most recent calculation date of the relevant ABS Transaction as specified in the relevant ABS Transaction documents), an amount equal to the aggregate Outstanding Principal Balance of such Non-Eligible Underlying Assets in excess of the above mentioned 5 per cent., multiplied by, in respect of each relevant ABS Transaction, the ratio between (i) the Outstanding Principal Balance of the relevant ABS Securities which have been transferred to the OBG Guarantor, and (ii) the Outstanding Principal Balance of all the ABS Assets of the same class,

(iv) the amount resulting from the calculations above, multiplied by the Asset Percentage;

"**E**" means the aggregate Outstanding Principal Balance of the Public Securities minus (i) those Public Securities in respect of which (or in respect of the Agreement from which such Public Securities arises) any of the representations and warranties set out in the Warranty and Indemnity Agreement have been breached to the extent the OBG Guarantor has not already been indemnified by the Seller (or by any Additional Seller, if applicable) and (ii) those Public Securities classified as Defaulted Securities,

the amount resulting from the calculations above, *multiplied by* the Asset Percentage;

"**Z**" means the amount resulting from the multiplication of (1) the higher of (a) zero and (b) the positive difference between (i) the weighted average residual life (expressed in years) from the relevant date until the applicable Maturity Date in respect of the OBG then outstanding and (ii) the expected weighted average life of the Portfolio (expressed in years), (2) the Outstanding Principal Balance of the OBG, and (3) the Negative Carry Corrector;

the calculations above will be performed without including any Integration Assets in excess of the Limit to the Integration.

For the purpose of this section:

"**Asset Percentage**" means, with reference to each OC Calculation Date, 93 per cent. (which is equivalent to a minimum overcollateralization of 7,5 per cent.) or such other lower Asset Percentage from time to time determined by the Issuer on behalf of the OBG Guarantor and notified to the Representative of the OBG Holders, the Calculation Agent and the Additional Calculation Agent by not later than 5 Business Days before each OC Calculation Date.

If either **(a)** the Counterparty Risk Assessment of UniCredit S.p.A. (as Issuer and Seller) (or the Additional Sellers, if any and as the case may be) falls below "P-2(cr)" in respect of short-term debt or "A3(cr)" in respect of long term debt by Moody's, or **(b)** the sum of the Set-off Amount and the Commingling Amount is higher than 5% of the Outstanding Principal Balance of the Eligible Portfolio, then UniCredit S.p.A. (as Seller and Issuer) (or the Additional Sellers) (as the case may be) shall notify Moody's and the Representative of the OBG Holders of such event and of the amount which may be subject to set-off in respect of any Mortgage Receivable, if applicable; such amounts will have to be communicated by UniCredit S.p.A. (as Seller and Issuer) or the Additional Sellers, if any (as the case may be), to Moody's on a quarterly basis.

Further to such downgrading, and **(a)** for so long as the rating is not re-established at least at such levels (or for so long as UniCredit (as Seller and Issuer) and/or the Additional Seller (if any) do not take any action to maintain the initial rating (if any) assigned to the OBG), or **(b)** for so long as the sum of the Set-off Amount and the Commingling Amount is higher than 5% of the Outstanding Principal Balance of the Eligible Portfolio, then the determination of the Asset Percentage shall be modified so as to deduct such amounts which may be subject to a

set-off by the relevant Debtors (i.e. the Set-Off Amount), as calculated by UniCredit S.p.A. (as Seller and Issuer) or the Additional Sellers, if any, as the case may be.

If **(a)** the Counterparty Risk Assessment of the Servicer (or the Substitute Servicer, if any) falls below "P-2(cr)" in respect of short-term debt or "A3(cr)" in respect of long term debt by Moody's, or **(b)** the sum of the Set-off Amount and the Commingling Amount is higher than 5% of the Outstanding Principal Balance of the Eligible Portfolio, then the Servicer shall notify Moody's and the Representative of the OBG Holders of such event. Further to such downgrading, and **(a)** for so long as the rating is not re-established above such levels (or for so long as the Servicer, and/or the Substitute Servicer (if any), do not take any action to maintain the initial rating (if any) assigned to the OBG), or **(b)** for so long as the sum of the Set-off Amount and the Commingling Amount is higher than 5% of the Outstanding Principal Balance of the Eligible Portfolio, if the measures indicated under Clause 3.2(B) of the Servicing Agreement will not be put in place, then the determination of the Asset Percentage shall be modified so as to consider the amounts which may be subject to commingling risk (i.e. the Commingling Amount) in case of bankruptcy of the Servicer (or the Substitute Servicer, if any).

"**Commingling Amount**" means the amount of Collections which may be subject to commingling risk in case of bankruptcy of the Servicer (or the Successor Servicer, if any), as calculated by UniCredit S.p.A. (as Servicer) or the Successor Servicer, if any (as the case may be).

"**Loan Agreement**" means, collectively, the Non-Residential Loan Agreements and the Residential Loan Agreements.

"**Set-Off Amount**" means the sum of any amount which may be subject to set-off in respect of any Mortgage Receivable, as calculated by UniCredit S.p.A. (as Seller and Issuer) or the Additional Sellers, if any (as the case may be).

Amortisation Test

The Amortisation Test has the scope to ensure that on each Calculation Date following the service of a Notice to Pay (but prior to the occurrence of a Guarantor Event of Default) the Amortisation Amount (as defined below) will be an amount at least equal to the aggregate Outstanding Principal Balance of the OBG as calculated on the relevant Calculation Date. Failure to satisfy the Amoritsation Test on any relevant Calculation Date will constitute a Guarantor Event of Default

The Amortisation Test will be calculated on each Calculation Date as follows:

Amortisation Amount >= 1 plus 75 per cent. of the applicable overcollateralisation level for the purposes of the Over-Collateralisation Test based on the relevant Asset Percentage applicable on the last OC Calculation Date immediately preceding the service of a Notice to Pay multiplied by the Outstanding Principal Balance of the OBGs

where,

"**Amortisation Amount**" means (A + B + C + D + E) – Z,

where

"**A**" is the aggregate of the values determined in respect of each Mortgage Loan as the lower between (i) the Outstanding Principal Balance of the Mortgage Receivable * M, and (ii) P * M;

"**M**" means in respect of a Mortgage Receivables (i) 100 per cent. if the Mortgage Receivable is not a Receivable in Arrear or a Defaulted Receivable, or (ii) 65 per cent. if the Mortgage Receivable is a Receivable in Arrear or (iii) 0 per cent. if the Mortgage Receivable is a Defaulted Receivable;

"**P**" means (i) VO + J * (VI - VO) if VI results to be higher than or equal to VO, or (ii) VI * 80 per cent. or 60 per cent. (depending on whether the Mortgage Receivable is a Residential Mortgage Receivable or a Non-Residential Mortgage Receivable) if VI is lower than VO;

"**VI**" means the Market Value of the Real Estate;

"**VO**" means the original market value of the Real Estate;

"**J**" means 70 per cent.;

"**B**" means the balance of the Accounts opened with the Account Bank;

"**C**" means the balance of the Eligible Investments purchased using Principal Collections (without duplication with B) and the Outstanding Principal Balance of the Securities wich are not included under points D and E below;

"**D**" means the aggregate Outstanding Principal Balance of all ABS Securities comprised in the Eligible Portfolio, *minus* the sum of, without double counting:

(i) the aggregate Outstanding Principal Balance of all ABS Securities comprised in the Eligible Portfolio in relation to which a breach of any of the material representations and warranties contained in the relevant Master Transfer Agreement has occurred;

(ii) the aggregate Outstanding Principal Balance of all ABS Securities (comprised in the Eligible Portfolio) classified as Defaulted Securities;

(iii) if the aggregate Outstanding Principal Balance of the Non-Eligible Underlying Assets exceeds 5 per cent. of the Outstanding Principal Balance of the Underlying Assets (both as calculated on the most recent calculation date of the relevant ABS Transaction), an amount equal to the aggregate Outstanding Principal Balance of such Non-Eligible Underlying Assets in excess of the above mentioned 5 per cent., *multiplied by*, in respect of each relevant ABS Transaction, the ratio between (i) the Outstanding Principal Balance of the relevant ABS Securities which have been transferred to the OBG Guarantor, and (ii) the Outstanding Principal Balance of all the ABS Assets of the same class;

"E" means the aggregate Outstanding Principal Balance of the Public Assets minus (i) those Public Assets in respect of which (or in respect of the Agreement from which such Public Securities arises) any of the representations and warranties set out in the Warranty and Indemnity Agreement have been breached to the extent the OBG Guarantor has not already been indemnified by the Seller (or by any Additional Seller, if applicable) and (ii) those Public Assets classified as Defaulted Receivables or Defaulted Security (as the case maybe);

"Z" means the sum of (A) and (B) where:

(A) means the amount resulting from the multiplication of the higher of (1) the higher of (a) zero and (b) the positive difference between (i) the weighted average residual life (expressed in years) from the relevant date until the applicable Maturity Date in respect of the OBG then outstanding and (ii) the expected weighted average life of the Portfolio (expressed in years), (2) the Outstanding Principal Balance of the OBG, and (3) the Negative Carry Corrector; and

(B) means on any given date on which the Amortisation Test is calculated, the higher of zero and U plus V minus W;

where:

"**U**" means the sum of the aggregate amount of interest payable in respect of all Series of OBG from the date of the relevant calculation up to and including the relevant Maturity Date.

"**V**" means the product of:

(i) the higher of (a) zero; and (b) the difference between (a) the expected weighted average life of the Portfolio (expressed in years) and (b) the weighted average residual life (expressed in years) from the relevant date until the relevant Maturity Date in respect of the OBG then outstanding,

(ii) the aggregate Principal Amount Outstanding of all Series on the last day of the previous calendar month, and

(iii) the weighted interest rate payable on the OBG after the Maturity Date.

"**W**" means the Expected Income.

Reserve Account

The Reserve Account is held in the name of the OBG Guarantor for the purpose of setting aside, on each Guarantor Payment Date, the amount necessary to reach the Total Target Reserve Amount.

In the event that a payment is required to the OBG Guarantor under the OBG Guarantee, such Total Target Reserve Amount is determined in an amount sufficient to ensure that on each Guarantor Payment Date that, the OBG Guarantor would have sufficient funds set aside to pay an amount equal to to the sum of (A) (B) and (C)

where

(A) means the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor;

(B) means the amount of interest due and payable by the OBG Guarantor on the immediately succeeding Guarantor Payment Date (without double counting with (A); and

(C) means an amount equal to 0.50% of the Outstanding Principal Balance of Portfolio as at the end of the immediately preceding Collection Period.

The Total Target Reserve Amount will be accumulated over time allocating the amount of excess spread available, from time to time, according to the relevant Priority of Payments.

Therefore the Total Target Reserve Amount is expected to increase over time upon each relevant Guarantor Payment Date.

ACCOUNTS AND CASH FLOWS

ACCOUNTS

The following accounts (together with any other account to be opened in accordance with the Cash Management and Agency Agreement, the "**Accounts**") shall be established and maintained with the Account Bank and the Paying Agent as separate accounts in the name of the OBG Guarantor.

The Collection Accounts, the Reserve Account and the Expenses Account (in each case as defined below) shall be held with the Account Bank for as long as the Account Bank qualifies as an Eligible Institution.

The Payment Account, the Securities Account and the Eligible Investment Account shall be held with the Paying Agent for as long as the Paying Agent qualifies as an Eligible Institution.

The Interest Collection Account

Deposits. A Euro-denominated current account established and maintained with the Account Bank into which:

(i) on a daily basis by the end of the Business Day immediately following each date of actual collection, all the amounts received or recovered as interest in relation to the Assets – as they are collected in accordance with the Servicing Agreement by the Servicer – will be deposited by the Servicer into the Interest Collection Account, together with all the payments (other than those in respect of principal) deriving from the Transaction Documents;

(ii) on each Collection Date, any net interest amount accrued and liquidated on the Principal Collection Account, the Reserve Account and the Expenses Account during the preceding Collection Period will be transferred to the Interest Collection Account;

(iii) on each Liquidation Date (i) all proceeds arising out of the liquidation of the Eligible Investments (if any) purchased using amount standing to the credit of the Interest Collection Account, and (ii) any net interest amount or net yield component of the proceeds arising out of the liquidation of all the other Eligible Investments (if any) and Securities (if any, other than ones already included in the Eligible Investments), will be transferred to the Interest Collection Account; and

(iv) on a daily basis any amount received as interest by the OBG Guarantor from any party to the Transaction Documents, other than any amount which is expressed to be paid to any other Account pursuant to the Cash Management and Agency Agreement.

Withdrawals.

(i) on each date falling 2 Business Days before each Guarantor Payment Date all the amounts necessary to meet any payment obligation on the OBG Guarantor under the applicable Priority of Payments (as defined below) (and standing to the credit of the Interest Collection Account on the calendar day immediately preceding the last

Collection Date) shall be transferred to the Payment Account (as defined below), together with any amount transferred to the Interest Collection Account on the immediately preceding Liquidation Date and necessary to meet such obligations; and

(ii) on a weekly basis, upon instruction of the Cash Manager, all the amounts standing to the credit from time to time of the Interest Collection Account may be transferred to the Eligible Investments Account.

(the "**Interest Collection Account**").

The Principal Collection Account

Deposits. A Euro-denominated current account established and maintained with the Account Bank into which, *inter alia*:

(i) on a daily basis by the end of the Business Day immediately following each date of actual collection, all the amounts received or recovered as principal in relation to the Assets – as they are collected in accordance with the Servicing Agreement by the Servicer – will be transferred by the Servicer to the Principal Collection Account, together with all the amounts in respect of principal deriving from the Transaction Documents;

(ii) on each Guarantor Payment Date, any amount paid in accordance with item (iv) of the Pre-Issuer Event of Default Interest Priority will be transferred by the Paying Agent to the Principal Collection Account;

(iii) on each Liquidation Date, all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) and Securities (if any, other than the ones already included in the Eligible Investments) purchased using amount standing to the credit of the Principal Collection Account and any principal component of Integration Assets and Securities (if any, other than the ones already included in the Eligible Investments) will be transferred to the Principal Collection Account; and

(iv) on a daily basis any principal amount received by the OBG Guarantor from any party to the Transaction Documents, other than any amount which is expressed to be paid to any other Account pursuant to the Cash Management and Agency Agreement.

Withdrawals.

(i) on each date falling 2 Business Days before each Guarantor Payment Date, all the amounts necessary to meet any payment obligation on the OBG Guarantor under the applicable Priority of Payments (and standing to the credit of the Principal Collection Account on the calendar day immediately preceding the last Collection Date) shall be transferred to the Payment Account together with any amount transferred from the Eligible Investments Account (if any) to the Principal Collection Account on the immediately preceding Liquidation Date and necessary to meet such obligations;

(ii) on each Collection Date, any net interest amount accrued and liquidated on the Principal Collection Account during the preceding Collection Period shall be transferred to the Interest Collection Account; and

(iii) on a weekly basis, upon instruction of the Cash Manager, all the amounts standing to the credit from time to time to the Principal Collection Account (other than any net interest amount accrued and liquidated on the Principal Collection Account) may be transferred to the Eligible Investments Account.

(the "**Principal Collection Account**" and, together with the Interest Collection Account, the "**Collection Accounts**").

The Reserve Account

Deposits. A Euro-denominated current account established and maintained with the Account Bank into which, *inter alia*:

(i) on each Guarantor Payment Date, in accordance with the applicable Priority of Payments, any amount necessary to reach the Total Target Reserve Amount shall be transferred by the Paying Agent to the Reserve Account; and

(ii) on each Liquidation Date, all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) purchased using amount standing to the credit of the Reserve Account shall be transferred to the Reserve Account.

Withdrawals.

(i) on each date falling 2 Business Days before each Guarantor Payment Date corresponding to an OBG Payment Date, all the amounts standing to the credit of the Reserve Account shall be transferred to the Payment Account; and

(ii) on each Collection Date, any net interest amount accrued and liquidated on the Reserve Account during the preceding Collection Period shall be transferred to the Interest Collection Account;

(iii) on a weekly basis, upon instruction of the Cash Manager, the OBG Guarantor shall transfer or procure to transfer all the amounts standing to the credit from time to time to the Reserve Account (other than any net interest amount accrued and liquidated on the Reserve Account) to the Eligible Investments Account.

(the "**Reserve Account**").

The Payment Account

Deposits. A Euro-denominated current account established and maintained with the Paying Agent into which, *inter alia*:

(i) on each date falling 2 Business Days before each Guarantor Payment Date, all the amounts necessary to meet any payment obligation on the OBG Guarantor under the OBG Guarantee and in accordance with the applicable Priority of Payments (and standing to the credit of the Interest Collection Account on the calendar day immediately preceding the last Collection Date) shall be transferred from the Interest Collection Account to the Payment Account, together with any amount transferred to the Interest Collection Account on the immediately preceding Liquidation Date;

(ii) on each date falling 2 Business Days before each Guarantor Payment Date, all the amounts necessary to meet any payment obligation on the OBG Guarantor under the OBG Guarantee and in accordance with the applicable Priority of Payments (and standing to the credit of the Principal Collection Account on the calendar day immediately preceding the last Collection Date) (including, for the avoidance of doubt, the Purchase Price Accumulation) shall be transferred from the Principal Collection Account to the Payment Account together with any amount transferred from the Eligible Investments Account (if any) to the Principal Collection Account on the immediately preceding Liquidation Date;

(iii) on each date falling 2 Business Days before each Guarantor Payment Date, all the amounts standing to the credit of the Reserve Account and exceeding the Total Target Reserve Amount (if any) shall be transferred from the Reserve Account to the Payment Account; and

(iv) (i) on each date falling 2 Business Days before each Guarantor Payment Date (which is not the Programme Termination Date) and (ii) on the date falling 2 Business Days before the Programme Termination Date, all the amounts standing to the credit of the Expenses Account shall be credited from the Expenses Account to the Payment Account.

Withdrawals.

(i) On each Guarantor Payment Date, all the amounts standing to the credit of the Payment Account shall be applied by the Paying Agent to make any payment to be executed according to the relevant Priority of Payments as shown in the Payments Report.

(ii) On the date on which the Definitive Purchase Price of the New Portfolio transferred in the context of a Revolving Assignment has to be paid in accordance with the Master Transfer Agreement, an amount equal to the lower of (a) the Purchase Price Accumulation Amount and (b) the Definitive Purchase Price of the New Portfolio, as the case may be, will be paid to the Seller and/or Additional Sellers (if any) by the Paying Agent and, after having made any such payment, any residual amount shall be transferred to the Principal Collection Account.

(the "**Payment Account**").

"**Definitive Purchase Price of the New Portfolio**" has the meaning ascribed to the expression "*Corrispettivo Definitivo del Portafoglio Successivo*" under the Master Transfer Agreement.

The Eligible Investments Account

Deposits. A Euro-denominated current account established and maintained with the Paying Agent into which, on a weekly basis, all the amounts standing from time to time to the credit of:

(i) the Interest Collection Account;

(ii) the Principal Collection Account (other than any net interest amount accrued and liquidated on the Principal Collection Account), and

(iii) the Reserve Account (other than any net interest amount accrued and liquidated on the Reserve Account).

may be transferred or procured to be transferred by the OBG Guarantor, upon instruction of the Cash Manager.

Withdrawals. On each Liquidation Date, the OBG Guarantor shall transfer or procure to transfer:

(i) all proceeds arising out of the liquidation of the Eligible Investments (if any) purchased using amount standing to the credit of the Interest Collection Account, and (ii) any net interest amount or net yield component of the proceeds arising out of the liquidation of all the other Eligible Investments (if any), to the Interest Collection Account;

(ii) all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) purchased using amount standing to the credit of the Principal Collection Account to the Principal Collection Account, and

(iii) all principal components of the proceeds arising out of the liquidation of any Eligible Investments (if any) purchased using amount standing to the credit of the Reserve Account to the Reserve Account.

(the "**Eligible Investments Account**").

The Securities Account

A Euro-denominated securities account opened with the Paying Agent into which, *inter alia*, the OBG Guarantor shall keep from time to time (i) the Securities or the Integration Assets (to the extent that they are financial instruments) owned by the OBG Guarantor as a result of investing in Eligible Investments and (ii) the Securities or the Integration Assets (to the extent that they are financial instruments) owned by the OBG Guarantor and purchased from the Seller or the Additional Seller (if any) (the "**Securities Account**").

The Expenses Account

Deposits. A Euro-denominated current account established and maintained with the Account Bank into which, *inter alia*, the Paying Agent shall transfer, on each Guarantor Payment Date, and in accordance with the applicable Priority of Payments, any amount necessary to reach the Target Expenses Amount.

Withdrawals.

(i) at any time all the amounts standing to the credit of the Expenses Account shall be applied to pay the expenses due and payable at any time;

(ii) on each date falling at the end of each Collection Period, the OBG Guarantor shall transfer or procure to transfer any net interest amount accrued and liquidated on the Expenses Account to the Interest Collection Account; and

(iii) (i) on each date falling 2 Business Days before each Guarantor Payment Date (which is not the Programme Termination Date) and (ii) on the date falling 2 Business Days before the Programme Termination Date, all the amounts standing to the credit of the Expenses Account shall be transferred to the Payment Account.

(the "**Expenses Account**")

For the purposes of this section:

"**Eligible Institutions**" means any banks in relation to which, on any given date, its long term unsecured, unsubordinated and unguaranteed debt obligations and its short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as the long term rating specified in column 2 of the table below corresponding to the category of the OBG as at the same day as specified in column 1 of the table below, provided nowever that if the OBG has been downgraded as a result of the downgrading of the relevant bank reference must be made to the category of the OBG as specified in column 1 of the table below immediately pripr to such downgrade.

Column 1	**Column 2**
Category of the OBG	**Long-term rating and short-term rating**
Aaa	A3 and P-1
Aa1	Baa2 and P-2
Aa2	Baa2 and P-2
Aa3	Baa3 and P-3
A1	Baa3 and P-3

"**Target Expenses Amount**" means €50,000.

"**Initial Issue Date**" means the date on which the Issuer will issue the first Series of OBG.

"**Liquidation Date**" means the date falling 4 Business Days before a Guarantor Payment Date.

"**Total Target Reserve Amount**" means, on each Guarantor Payment Date, the sum of (A), (B) and (C),

where

(A) means the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor;

(B) means the amount of interest due and payable by the OBG Guarantor on the immediately succeeding Guarantor Payment Date (without double counting with (A); and

(C) means an amount equal to 0.50% of the Outstanding Principal Balance of Portfolio as at the end of the immediately preceding Collection Period.

CASH FLOWS

This section summarises the cashflows of the OBG Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Accounts and their order of priority (all such orders of priority, the "**Priority of Payments**") (a) prior to an Issuer Event of Default and a Guarantor Event of Default, (b) following an Issuer Event of Default (but prior to a Guarantor Event of Default) and (c) following a Guarantor Event of Default.

Pre-Issuer Event of Default Interest Priority

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Interest Available Funds to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof: (a) any OBG Guarantor's documented fees, costs, expenses and taxes to maintain it in good standing, to comply with applicable legislation and to preserve its corporate existence (the "**Expenses**"), to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Additional Calculation Agent, the Paying Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to replenish the Reserve Account up to the Total Target Reserve Amount;

(iv) *fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount necessary to cover the amounts transferred from the Pre-Issuer Event of Default Principal Priority according to item (i) on any preceding Guarantor Payment Date and not paid yet;

(v) *fifth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vi) *sixth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding

fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(vii) *seventh*, provided that a Programme Suspension Period is not continuing and after the repayment request made by the Subordinated Loan Provider under the Subordinated Loan (or additional subordinated loan provider, if any, under any additional subordinated loan), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or the relevant additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(viii) *eighth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Subordinated Loan Interest Amount due and payable under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment,

(the "**Pre-Issuer Event of Default Interest Priority**").

"**Target Expenses Amount**" means at each Guarantor Payment Date the amount of €50,000.

"**Total Target Reserve Amount**" " means, on each Guarantor Payment Date, the sum of (A), (B) and (C),

where

(A) means the amount of interest accrued on the OBG until that Guarantor Payment Date (inclusive) and not yet paid by the Issuer or the OBG Guarantor;

(B) means the amount of interest due and payable by the OBG Guarantor on the immediately succeeding Guarantor Payment Date (without double counting with (A); and

(C) means an amount equal to 0.50% of the Outstanding Principal Balance of Portfolio as at the end of the immediately preceding Collection Period.

Pre-Issuer Event of Default Principal Priority

On each Guarantor Payment Date, prior to the service of a Notice to Pay, the OBG Guarantor will use Principal Available Funds to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable under items (i) and (ii) (other than any amount due according

to (i) b)) of the Pre-Issuer Event of Default Interest Priority, to the extent that the Interest Available Funds are not sufficient, on such Guarantor Payment Date, to make such payments in full;

(ii) *second*, provided that a Programme Suspension Period is not continuing, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay the purchase price of the Assets and Integration Assets offered for sale by the Seller and/or by the Additional Seller (if any) in the context of a Revolving Assignment in accordance with the provisions of the Master Transfer Agreement; (b) if the payment of any such purchase price shall be deferred in accordance with the provisions of the Master Transfer Agreement, to credit to the Payment Account the Purchase Price Accumulation Amount; and (c) to pay any amount due and payable to the Seller and/or the Additional Seller (if any) in accordance with the provisions of the Master Transfer Agreement as purchase price of the Assets and Integration Assets offered for sale by the Seller and/or by the Additional Seller (if any) in the context of a Revolving Assignment to the extent not previously paid by using the funds credited to the Payment Account as Purchase Price Accumulation Amount on the immediately preceding Guarantor Payment Date;

(iii) *third*, if a Programme Suspension Period has occurred and is continuing, to deposit on the Principal Collection Account any residual Principal Available Funds until an amount up to the Required Redemption Amount of any Series of OBG outstanding has been accumulated;

(iv) *fourth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (v) of the Pre-Issuer Event of Default Interest Priority;

(v) *fifth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment, to the extent not already paid under item (vi) of the Pre-Issuer Event of Default Interest Priority;

(vi) *sixth*, provided that a Programme Suspension Period is not continuing, to pay, *pari passu* and *pro rata* according to the respective amounts thereof after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any),

the amount due as principal redemption under the Subordinated Loan (or additional subordinated loan, if any) provided that the Over-Collateralisation Test and the Mandatory Tests would still be satisfied after such payment;

(the "**Pre-Issuer Event of Default Principal Priority**").

On each Guarantor Payment Date the "**Interest Available Funds**" shall include ((a) any interest received from the Portfolio during the Collection Period immediately preceding such Guarantor Payment Date, (b) any interest amount received by the OBG Guarantor as remuneration of the Accounts during the Collection Period immediately preceding such Guarantor Payment Date, (c) any amount received as interest by the OBG Guarantor from any party to the Transaction Documents (other than amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date, (d) any amount deposited in the Reserve Account as at the Calculation Date immediately preceding such Guarantor Payment Date (other than the amount already allocated under item (b)), (e) any amount deposited in the Interest Collection Account, as at the preceding Guarantor Payment Date, (f) the amount standing to the credit of the Expenses Account (other than amounts already allocated under item (b)) at the end of the Collection Period preceding such Guarantor Payment Date (which is not a Programme Termination Date), (g) any net interest amount or income from any Eligible Investments or of the Securities (without duplication with the Eligible Investments) liquidated at the immediately preceding Liquidation Date.

On each Guarantor Payment Date the "**Principal Available Funds**" shall include: (a) any principal payment received during the Collection Period immediately preceding such Guarantor Payment Date; (b) any principal amount received by the OBG Guarantor as reimbursement of the Eligible Investments liquidated on the immediately preceding Liquidation Date arising from investment made using principal collection; (c) any principal amount received by the OBG Guarantor from any party to the Transaction Documents (other than the amounts already allocated under items (a) and (b)) during the Collection Period immediately preceding such Guarantor Payment Date; (d) any amount standing to the credit of the Principal Collection Account (other than the amounts already allocated under item (a)) at the end of the Collection Period preceding such Guarantor Payment Date net of any interest accrued thereon; (e) the amount standing to the credit of the Expenses Account on the Programme Termination Date; (f) any principal amount arising out from the liquidation of Securities (without duplication with the (b) above) liquidated at the immediately preceding Liquidation Date arising from investment made using principal collection and (g) the positive difference (if any) between (1) the Purchase Price Accumulation Amount credited to the Payment Account on the immediately preceding Guarantor Payment Date and (2) the monies paid to the Seller and/or the Additional Seller in the context of a Revolving Assignment, in accordance with the Master Transfer Agreement, during the period between the preceding Guarantor Payment Date and the immediately following Guarantor Payment Date, as consideration for the purchase of the New Portfolio by using the Purchase Price Accumulation Amount credited to the Payment Account on the immediately preceding Guarantor Payment Date.

"**Collection Period**" means (a) prior to the occurrence of a Guarantor Event of Default, any period between each Collection Date (included) and the following Collection Date (excluded), save for the first Collection Period, where the Collection Period is comprised between the Evaluation Date (included) in respect to the transfer of the first Portfolio and 1 April 2012 (excluded) and (b) after the occurrence of a Guarantor Event of Default, any period between two Business Days.

"**Collection Date**" means 1 January, 1 April, 1 July and 1 October of each year and, following an Issuer Event of Default, the first calendar day of each month.

"**Evaluation Date**" means (a) in respect of the Initial Portfolio the beginning of 1 January 2012 and (b) in respect of any New Portfolio, the date indicated as such in the relevant offer for the transfer of New Portfolios.

"**Purchase Price Accumulation Amount**" means an amount equal to the Provisional Purchase Price of the New Portfolio as determined with reference to a New Portfolio under the relevant Offer of Transfer.

"**Provisional Purchase Price of the New Portfolio**" has the meaning ascribe to the expression "*Corrispettivo Provvisorio del Portafoglio Successivo*" under the Master Transfer Agreement.

Post-Issuer Event of Default Priority

On each Guarantor Payment Date, following the service of a Notice to Pay, but prior to the occurrence of a Guarantor Event of Default, the OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) the Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, (b) all amounts due and payable to the Seller and/or by the Additional Seller (if any) or the party indicated by the Seller or the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset still owned by the OBG Guarantor;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Additional Calculation Agent, the Paying Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any), and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable as interest on the Pass-Through OBG and on the OBG on their relevant OBG Payment Dates;

(iv) *fourth*, to replenish the Reserve Account up to the Total Target Reserve Amount;

(v) *fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable as principal on the Pass-Through OBG and on the OBG on their relevant OBG Payment Dates;

(vi) *sixth*, to deposit on the relevant OBG Guarantor's Accounts any residual amount until all Series of OBG outstanding have been repaid in full;

(vii) *seventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement;

(viii) *eighth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments);

(ix) *ninth*, after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any);

(x) *tenth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any); and

(xi) *eleventh*, after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due under the Subordinated Loan (or additional subordinated loan, if any);

(the "**Post-Issuer Event of Default Priority**").

"**Available Funds**" shall include (a) the Interest Available Funds, (b) the Principal Available Funds and (c) following the occurrence of an Issuer Event of Default, the Excess Proceeds.

"**Excess Proceeds**" means the amounts received by the OBG Guarantor as a result of any enforcement taken against the Issuer in accordance with Article 4, Paragraph. 3 of the MEF Decree.

"**Negative Carry Corrector**" means a percentage calculated by reference to the average margin payable on the outstanding Series of OBG weighted for the Principal Amount Outstanding of each outstanding Series of OBG plus 0.5 per cent.

"**Required Redemption Amount**" means in respect of any relevant Series or Tranche of OBG, the amount calculated as follows:

the Outstanding Principal Balance of the relevant Series or Tranche of OBG

Multiplied by

(1+(Negative Carry Corrector * (with respect to OBG which are not Pass-Through OBG, days to the Maturity Date of the relevant Series or Tranche of OBG/365 or, with respect to Pass-Through OBG, 31 days)).

Post-Guarantor Event of Default Priority

On each Guarantor Payment Date, following the service of a Guarantor Acceleration Notice, the OBG Guarantor will use the Available Funds, to make payments in the order of priority set out below (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *first*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof (a) any Expenses, to the extent that such costs and expenses have not been already met by utilising the amount standing to the credit of the Expenses Account, and (b) all amounts due and payable to the Seller and/or to the Additional Seller (if any) or the party indicated by the Seller or by the Additional Seller (if any) as the case may be, in respect of the insurance premium element of the instalment (if any) collected by the OBG Guarantor during the preceding Collection Period with respect to the outstanding Asset;

(ii) *second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof any amount due and payable (including fees, costs and expenses) to the Representative of the OBG Holders, the Account Bank, the Cash Manager, the Calculation Agent, the Additional Calculation Agent, the Paying Agent, the Administrative Services Provider, the Asset Monitor, the Portfolio Manager, the Servicer and the Additional Servicer (if any) and to credit the Target Expenses Amount into the Expenses Account;

(iii) *third*, to pay, *pari passu* and *pro rata* any interest and principal amount due and payable on the Pass-Through OBG and on the OBG;

(iv) *fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts due and payable to the Seller or the Additional Seller (if any) (as the case may be), in accordance with the relevant transfer agreement;

(v) *fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all outstanding fees, costs, liabilities and any other expenses to be paid to fulfil obligations to any other creditors and Secured Creditors of the OBG Guarantor incurred in the course of the OBG Guarantor's business in relation to this Programme (other than amounts already provided for in this Priority of Payments);

(vi) *sixth*, after the repayment request made by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan Agreement (or additional subordinated loan agreement), to pay *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due and payable as determined

by the Subordinated Loan Provider (or additional subordinated loan provider, if any) under the Subordinated Loan (or additional subordinated loan, if any);

(vii) *seventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any interest amount due under the Subordinated Loan (or additional subordinated loan, if any); and

(viii) *eighth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any principal amount due under the Subordinated Loan (or additional subordinated loan, if any),

(the "**Post-Guarantor Events of Default Priority**" and, together with the Pre-Issuer Event of Default Principal Priority, the Pre-Issuer Event of Default Interest Priority, the Post-Issuer Event of Default Priority, are collectively referred to as the "**Priority of Payments**").

USE OF PROCEEDS

The net proceeds to the Issuer from the issue of all OBG will be applied by the Issuer for general funding purposes of the Group (including funding of the mortgage loans business of the Group).

DESCRIPTION OF THE TRANSACTION DOCUMENTS

Master transfer agreement

Pursuant to a master transfer agreement entered into on 13 January 2012, as from time to time amended, (the "**Master Transfer Agreement**"), between the Seller and the OBG Guarantor, the Seller assigned to the OBG Guarantor the Initial Portfolio and the parties thereto agreed that the Seller may assign and transfer Mortgage Receivables satisfying the General Criteria and the Specific Criteria and other Assets and/or Integration Assets to the OBG Guarantor from time to time, in the cases and subject to the limits for the transfer of further Assets and/or Integration Assets, on a revolving basis.

The purchase price in respect of the Initial Portfolio has been determined pursuant to the Master Transfer Agreement. Under the Master Transfer Agreement the relevant parties thereto have acknowledged that the purchase price in respect of the Initial Portfolio shall be funded through the proceeds granted in accordance with the Subordinated Loan Agreement.

Further Assignments

For the assignment of each New Portfolio comprised of Mortgage Receivables, the OBG Guarantor shall pay the Seller an amount equal to the aggregate of the individual receivable price (equal to the value of each Receivable as it results from the Seller's latest balance sheet) of all the Mortgage Receivables in such New Portfolio.

Each New Portfolio shall be composed exclusively of Assets or Integration Assets, which comply with the General Criteria and (if applicable in relation to the relevant issuance, the Specific Criteria) on the relevant purchase date, provided that, pursuant to the BoI OBG Regulations, the Master Transfer Agreement and the Portfolio Administration Agreement, total Integration Assets shall not exceed the Limit to the Integration.

The Further Assignments shall be aimed at:

(a) collateralising and allowing the issue of further series of OBG by the Issuer, subject to the Limits to the Assignment (the "**Issuance Collateralisation Assignment**");

(b) investing the Principal Available Funds in the purchase of further Assets or Integration Assets, provided that a Programme Suspension Period is not continuing (the "**Revolving Assignment**"); and/or

(c) comply with the Over-Collateralisation Test and the Mandatory Tests in accordance with the Portfolio Administration Agreement (the "**Integration Assignment**"), subject to the limits referred to the Limit to the Integration.

The obligation of the OBG Guarantor to purchase any New Portfolio shall be:

(i) conditional upon (a) the existence of sufficient Principal Available Funds to be applied under item (ii) of the Pre-Issuer Default Principal Priority of Payments for the perfection of Revolving Assignments, or (b) the funding of the requested amounts under the Subordinated Loan Agreement for the perfection of Issuance Collateralisation Assignments or Integration Assignments;

(ii) conditional upon compliance with the following concentration thresholds: (a) as at the relevant Evaluation Date of each relevant Further Assignment, the Outstanding Principal Balance of the Non-Residential Mortgage Receivables comprised in the Portfolio (including those purported to be assigned in the context of the relevant Further Assignment) shall not be higher than 30 per cent. of the Outstanding Principal Balance of the Portfolio; and (b) (a) as at the relevant Evaluation Date of each relevant Further Assignment, the Outstanding Principal Balance of the Mortgage Receivables granted to employees of a company belonging to the UniCredit Banking Group comprised in the Portfolio (including those purported to be assigned in the context of the relevant Further Assignment) shall not be higher than 15 per cent. of the Outstanding Principal Balance of the Portfolio; and

(iii) subject to certain conditions subsequent set out in the Master Transfer Agreement.

Criteria

Each of the receivables forming part of the Portfolio shall comply with all the General Criteria, while, in the context of the sale of further portfolios of Mortgage Receivables shall comply also with the relevant Specific Criteria.

Price Adjustments

The Master Transfer Agreement provides a price adjustment mechanism pursuant to which:

(i) if, following the relevant Effective Date, any mortgage receivable which is part of the Initial Portfolio or of a New Portfolio does not meet the Criteria, then such mortgage receivable will be deemed not to have been assigned and transferred to the OBG Guarantor pursuant to the Master Transfer Agreement; and

(ii) if, following the relevant Effective Date, any Mortgage Receivable which meets the Criteria but it is not part of the Initial Portfolio or of a New Portfolio, then such Mortgage Receivable shall be deemed to have been assigned and transferred to the OBG Guarantor as of the Evaluation Date of the relevant Portfolio, pursuant to the Master Transfer Agreement.

In accordance with the above, the Seller and the OBG Guarantor have set up a proper mechanism to manage the necessary settlements for the substitution or acquisition of the relevant Mortgage Receivables and the increase or decrease, as the case may be, of the amounts already paid as Purchase Price.

Repurchase of receivables and pre-emption right

The Seller is granted an option right, pursuant to article 1331 of Italian Civil Code, to repurchase the Mortgage Receivables and/or Securities individually or in block, also in different tranches. In order to exercise the option right, the Seller is required to pay the OBG Guarantor an amount equal to the sum of: (a) the purchase price paid to the Seller with reference to such Mortgage Receivable and/or Security, *less* (b) the total amount of the principal amounts collected in the period between the Evaluation Date (excluded) concerning such Mortgage Receivable and/or Security and the Date of Carve Out, *plus* (d) the possible

damages and losses borne by the OBG Guarantor as consequences of any claim raised by third parties and referred to such Mortgage Receivable and/or Security.

The Seller is granted a pre-emption right to repurchase Mortgage Receivables and Securities to be sold by the OBG Guarantor to third parties, at the same terms and conditions provided for such third parties. Such pre-emption rights shall cease if the Seller is submitted to any of the procedures set forth in Title V of the Banking Law.

Termination of the OBG Guarantor's obligation to purchase and termination of the agreement

Pursuant to the Master Transfer Agreement, the obligation of the OBG Guarantor to purchase New Portfolios shall terminate upon the occurrence of any of the following: (i) a breach of the undertakings and duties assumed by the Seller pursuant to the Transaction Documents, in the event such breach is not cured within the period specified in the Master Transfer Agreement, or it is otherwise not curable; (ii) a breach of the Seller's representations and warranties given in any of the Transaction Documents; (iii) a Seller's material adverse change; (iv) an enforcement against the Sellers' assets, winding-up of the Seller, opening of a bankruptcy or insolvency proceeding; (v) the Seller being submitted to judicial proceeding which may cause the occurrence of a material adverse change of the Seller; or (vi) the Programme Termination Date has occurred. Further to the occurrence of an event described above, the OBG Guarantor shall no longer be obliged to purchase New Portfolios.

Undertakings

The Master Transfer Agreement also contains a number of undertakings by the Seller in respect of its activities in relation to the Mortgage Receivables, the Securities, the Guarantees and the Loan Agreements. The Seller has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Mortgage Receivables, the Securities and the Guarantees which may prejudice the validity or recoverability of the same and in particular not to assign or transfer the Mortgage Receivables, the Securities and the Guarantees to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Mortgage Receivables, the Securities and the Guarantees. The Seller also has undertaken to refrain from any action which could cause any of the Mortgage Receivables or Guarantees to become invalid or to cause a reduction in the amount of any of the Receivables or the Guarantee. The Master Transfer Agreement also provides that the Seller shall waive any set off rights in respect of the Mortgage Receivables, and cooperate actively with the OBG Guarantor in any activity concerning the Mortgage Receivables.

Main Definitions

For the purposes of the Master Transfer Agreement:

"**Additional Guarantee**" means any guarantee, establishing a right *in rem* or *in personam*, other than the Mortgages, provided by a Debtor, a Guarantor of a Receivable or Security or by any other person or entity in order to guarantee (i) the payments of the Mortgage Receivables and (ii) the satisfaction of the obligations arising from the Loan Agreements and the Securities.

"**Date of Carve Out**" means 30 Business Days starting from the date on which (i) the Seller or the OBG Guarantor (as the case maybe) has been served with a written notice or (ii) an

agreement has been reached between the Seller and the OBG Guarantor or (iii) the date fixed by a third party in accordance with the Clause 9.6 (*Arbitraggio*) of the Master Transfer Agreement.

"**Debtor**" means any person, entity or subject, also different from the Beneficiary, who is liable for the payment of amounts due, as principal and interest, in respect of a Mortgage Receivable or Security.

"**Guarantees**" means jointly or, where the context otherwise requires, severally, the Mortgages and the Additional Guarantees.

"**Guarantor of a Receivable or Security**" means any person, entity or subject, different from the Debtor and including any successor, who has granted a Mortgage or an Additional Guarantee in order to guarantee the payments of a Receivable or Security.

"**Mortgages**" means the mortgages established on Real Estates from the relevant Mortgagor in order to guarantee the payments of the Mortgage Receivables.

"**New Portfolio**" means any portfolio of Assets (which, in respect of Mortgage Receivables complies with the General and the Specific Criteria) which, further to the sale of the Initial Portfolio, the Seller will assign to the OBG Guarantor in accordance with the Master Transfer Agreement.

"**Real Estates**" means the real estates subjected to mortgage as guarantee for Mortgage Receivables.

Governing Law

The Master Transfer Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian Law.

Warranty and Indemnity Agreement

Pursuant to a warranty and indemnity agreement entered into on 13 January 2012, as amended from time to time, between the Seller and the OBG Guarantor (the "**Warranty and Indemnity Agreement**"), the Seller made certain representations and warranties to the OBG Guarantor.

Specifically, as of the date of execution of the Master Transfer Agreement (and with reference to the representations and warranties concerning the Mortgage Receivables and the Securities, also on any relevant effective transfer date) and, with reference to the representations and warranties concerning the Transaction Documents, as of each relevant Issue Date, the Seller has given and will be deemed to repeat to the OBG Guarantor, *inter alia*, certain representations and warranties about: (i) its status and powers, (ii) the information and the documents provided to the OBG Guarantor, (iii) its legal title on the Assets (iv) the status of the Assets and (v) the terms and conditions of the Assets.

Pursuant to the Warranty and Indemnity Agreement, the Seller has undertaken to fully and promptly indemnify and hold harmless the OBG Guarantor and its officers, directors and agents (each, an "**Indemnified Person**"), from and against any and all damages, losses, claims, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees

and disbursements and any value added tax and other tax thereon as well as any Receivable for damages by third parties) awarded against, or incurred by, any of them, arising from any representations and/or warranties made by the Seller under the Warranty and Indemnity Agreement being actually false, incomplete or incorrect and/or failure by the Seller to perform any of the obligations and undertakings assumed by the Seller.

Without prejudice of the foregoing, the Seller has further undertaken that, if any Mortgage Receivable or Security does not exist, in whole or in part, (including where such non existence is based only on a judicial pronouncement that is not definitive), the Seller shall immediately pay the OBG Guarantor any damage, costs, expenses incurred by the OBG Guarantor. In the event that, thereafter, any definitive judicial pronouncement recognises that such Receivable exists, the OBG Guarantor shall repay the amounts mentioned above received by the Seller on the immediately subsequent Guarantor Payment Date, in accordance with the relevant Priority of Payments.

The parties to the Warranty and Indemnity Agreement agreed that, further to the breach of any of the representations and warranties which have not been indemnified by the Seller within 30 days from the notice of the breach, the Seller is entitled to exercise a call option and the OBG Guarantor a put option, in respect of the Mortgage Receivables and the Securities with reference to which a breach of the representations and warranties occurred.

Governing Law

The Warranty and Indemnity Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian Law.

Subordinated Loan Agreement

Pursuant to a subordinated loan agreement entered into on 13 January 2012, as amended from time to time, between the Seller and the OBG Guarantor (the "**Subordinated Loan Agreement**"), the Seller granted the OBG Guarantor a subordinated loan (the "**Subordinated Loan**") with a maximum amount equal to € 25,000,000,000, save for further increases to be determined by the Seller as subordinated loan provider. Under the provisions of such agreement, upon the relevant disbursement notice being filed by the OBG Guarantor, the Seller shall make advances to the OBG Guarantor in amounts equal to the relevant price of the Initial Portfolio and each New Portfolios transferred from time to time to the OBG Guarantor in view of (a) collateralising the issue of further OBG or (b) carrying out an integration of the Portfolio, through Assets or Integration Assets, in order to prevent a breach of the Over-Collateralisation Test or/and of the Mandatory Tests.

The OBG Guarantor shall pay any amounts due under the Subordinated Loan in accordance with the relevant Priority of Payments. The OBG Guarantor shall use the proceeds arising from the Subordinated Loan Agreement: (i) as consideration in part for the acquisition of Assets from the Seller pursuant to the terms of the Master Transfer Agreement, as described above, and/or (ii) to invest in Integration Assets in an amount not exceeding the prescribed limit.

The Subordinated Loan shall bear interest in an amount equal to the algebraic sum of:

(i) (+) the higher of (a) the amount of interest accrued on the Portfolio during the relevant Interest Period of the Subordinated Loan and (b) the Interest Available Funds;

(ii) (-) (a) the sum of any amount paid under items from (i) to (vii) of the Pre-Issuer Event of Default Interest Priority or (b) following the occurrence of an Issuer Event of Default and the service of a Notice to Pay, the sum of any amount paid under items from (i) to (viii) of the Post- Issuer Event of Default Interest Priority or (c) following the occurrence of a Guarantor Event of Default, the sum of any amount paid under items from (i) to (vi) of the Post-Guarantor Event of Default Priority;

(the "**Subordinated Loan Interest Amount**").

The OBG Guarantor shall reimburse any amount due as principal under the Subordinated Loan Agreement on a lump sump on the last Maturity Date or the Extended Maturity Date, where applicable. If an interpretation of the Bank of Italy, or other competent authority, confirms the possibility for the OBG Guarantor to partially repay the Subordinated Loan prior to the repayment of all the OBG, subject to certain conditions set out therein, the OBG Guarantor will reimburse the Subordinated Loan upon receipt of a request to that effect from the Seller.

Governing Law

The Subordinated Loan Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

OBG Guarantee

Pursuant to a guarantee entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor and the Representative of the OBG Holders, the OBG Guarantor issued a guarantee securing the payment obligations of the Issuer under the OBG (the "**OBG Guarantee**"), in accordance with the provisions of Law 130 and of the MEF Decree.

Under the terms of the OBG Guarantee, if the Issuer defaults in the payment on the due date (subject to any applicable grace periods) of any moneys due and payable under or pursuant to the OBG, or if any other Issuer Event of Default occurs and the service by the Representative of the OBG Holders of a Notice to Pay, the OBG Guarantor has agreed (subject as described below) to pay, or procure to be paid, unconditionally and irrevocably to or to the order of the Representative of the OBG Holders (for the benefit of the OBG Holders), any amounts due under the OBG as and when the same were originally due for payment by the Issuer, as of any Maturity Date or, if applicable, Extended Maturity Date.

Pursuant to Article 7-*bis*, paragraph 1, of Law 130 and Article 4 of the MEF Decree, the guarantee provided under the OBG Guarantee is a first demand (*a prima richiesta*), unconditional, irrevocable (*irrevocabile*) and independent guarantee (*garanzia autonoma*) and therefore provides for direct and independent obligations of the OBG Guarantor vis-à-vis the OBG Holders and with limited recourse to the Available Funds, irrespective of any invalidity, irregularity, unenforceability or genuineness of any of the guaranteed obligations of the Issuer. The provisions of the Italian Civil Code relating to *fideiussione* set forth in Articles 1939 (*Validità della fideiussione*), 1941, paragraph 1 (*Limiti della fideiussione*), 1944, paragraph 2 (*Escussione preventiva*), 1945 (*Eccezioni opponibili dal fideiussore*), 1955 (*Liberazione del*

fideiussore per fatto del creditore), 1956 (*Liberazione del fideiussore per obbligazione futura*) and 1957 (*Scadenza dell 'obbligazione principale*) shall not apply to the OBG Guarantee.

Following the service of a Notice to Pay on the OBG Guarantor, but prior to the occurrence of a Guarantor Event of Default, payment by the OBG Guarantor of the Guaranteed Amounts pursuant to the OBG Guarantee will be made, subject to and in accordance with the Post-Issuer Event of Default Priority, on the relevant Scheduled Due for Payment Date, provided that, if an Extended Maturity Date is envisaged under the relevant Final Terms and actually applied, any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the OBG Guarantor on any Scheduled Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. In addition, where the OBG Guarantor is required to make a payment of a Guaranteed Amount in respect of a Final Redemption Amount payable on the Maturity Date of the relevant Series of OBG, to the extent that the OBG Guarantor has insufficient moneys available after payment of higher ranking amounts and taking into account amounts ranking *pari passu* therewith in the relevant Priority of Payments, to pay such Guaranteed Amounts, it shall make partial payments of such Guaranteed Amounts in accordance with the Post-Issuer Event of Default Priority.

If, following the service of a Notice to Pay served as a result of the taking of a resolution pursuant to Article 74 of the Banking Law, the Issuer Event of Default consisting of a resolution pursuant to Article 74 of the Banking Law issued in respect of the Issuer that had caused the service of such notice is cured and no other Issuer Event of Default or Guarantor Event of Default has occurred and is continuing, the Representative of the OBG Holders will deliver to the OBG Guarantor a notice (the "**Cure Notice**") informing the OBG Guarantor that the Issuer Event of Default (consisting of a resolution pursuant to Article 74 of the Banking Law issued in respect of the Issuer) then outstanding has been revoked and the OBG Guarantor's obligation to make payment of the Guaranteed Amounts in accordance with the OBG Guarantee shall cease to apply until the OBG Guarantee has newly enforced by the Representative of the OBG Holders.

Following the service of a Guarantor Acceleration Notice all OBG of all Series will accelerate, in accordance with the Conditions, against the OBG Guarantor becoming due and payable, and they will rank *pari passu* amongst themselves and the Available Funds shall be applied in accordance with the Post-Guarantor Events of Default Priority.

All payments of Guaranteed Amounts by or on behalf of the OBG Guarantor will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature unless such withholding or deduction of such taxes, assessments or other governmental charges are required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the OBG Guarantor will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The OBG Guarantor will not be obliged to pay any amount to any OBG Holder in respect of the amount of such withholding or deduction.

Exercise of rights

Following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the OBG Guarantor, but prior to the occurrence of any Guarantor Event of Default, and with reference and as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer in accordance with the provisions of Article 4, paragraph 3 of the MEF Decree, the OBG Guarantor, shall substitute the Issuer in all obligations of the Issuer towards the OBG Holders in accordance with the terms and conditions originally set out for the OBG, so that the rights of payment of the OBG Holders in such circumstance will only be the right to receive payments of the Scheduled Interest and the Scheduled Principal from the OBG Guarantor on the Scheduled Due for Payment Date. In consideration of the substitution of the OBG Guarantor in the performance of the payment obligations of the Issuer under the OBG, the OBG Guarantor (directly or through the Representative of the OBG Holders) shall exercise, on an exclusive basis and, to the extent applicable, in compliance with the provisions of Article 4, paragraph 3 of the MEF Decree, the rights of the OBG Holders vis-à-vis the Issuer and any amount recovered from the Issuer will be part of the Available Funds.

As a consequence and as expressly indicated in the Conditions, the OBG Holders have irrevocably delegated to the OBG Guarantor (also in the interest and for the benefit of the OBG Guarantor) the exclusive right to proceed against the Issuer to enforce the performance of any of the payment obligations of the Issuer under the OBG including any rights of enforcing any acceleration of payment provisions provided under the Conditions or under the applicable legislation. For this purpose the OBG Holders upon request of the OBG Guarantor, shall provide the OBG Guarantor with any powers of attorney and/or mandates as the latter may deem necessary or expedient for taking all necessary steps to ensure the timely and correct performance of its mandate.

For the purposes of the OBG Guarantee:

"**Due for Payment Date**" means (i) a Scheduled Due for Payment Date or (ii) following the occurrence of a Guarantor Event of Default, the date on which a Guarantor Acceleration Notice is served on the OBG Guarantor. If the Due for Payment Date is not a Business Day, the Due for Payment Date will be the next following Business Day. For the avoidance of doubt, the Due for Payment Date does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, mandatory or optional redemption or otherwise.

"**Guaranteed Amounts**" means, (i) prior to the service of a Guarantor Acceleration Notice, with respect to any Guarantor Payment Date, the sum of amounts equal to the Scheduled Interest and the Scheduled Principal, in each case, payable on that Guarantor Payment Date and all amounts payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, or (ii) after the service of a Guarantor Acceleration Notice, an amount equal to the relevant Early Redemption Amount plus all accrued and unpaid interest and all other amounts due and payable in respect of the OBG, including all Excluded Scheduled Interest Amounts and all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts

payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, provided that any Guaranteed Amounts representing interest paid after the Maturity Date (or the Extended Maturity Date, as the case may be) shall be paid on such dates and at such rates as specified in the relevant Final Terms. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the OBG Holders to the extent it has been clawed back and recovered from the OBG Holders by the receiver or liquidator, in bankruptcy or other insolvency or similar official for the Issuer named or identified in the Order, and has not been paid or recovered from any other source (the "**Clawed Back Amounts**").

"**Scheduled Due for Payment Date**" means any date on which the Scheduled Payment Date in respect of the relevant Guaranteed Amounts is reached up to and including the relevant Extended Maturity Date, provided that the first Scheduled Payment Date immediately after the occurrence of an Issuer Event of Default, shall be the later of (i) the day which is two Business Days following service of the Notice to Pay on the OBG Guarantor and (ii) the relevant Scheduled Payment Date.

"**Scheduled Interest**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on such OBG Payment Date as specified in the Conditions falling on or after service of a Notice to Pay on the OBG Guarantor (but excluding any additional amounts relating to premiums, default interest or interest upon interest, which are hereinafter referred to as the "**Excluded Scheduled Interest Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on each OBG Payment Date as specified in the Conditions falling on or after the service of a Guarantor Acceleration Notice and including such Excluded Scheduled Interest Amounts (whenever the same arose), less any additional amounts the Issuer would be obliged to pay as result of any gross-up in respect of any withholding or deduction made under the circumstances set out in the Conditions.

"**Scheduled Payment Date**" means, in relation to payments under the OBG Guarantee, each OBG Payment Date.

"**Scheduled Principal**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on such OBG Payment Dates or the Final Maturity Date (as the case may be) as specified in the Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties or premiums, which are hereinafter referred to as the "**Excluded Scheduled Principal Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on each OBG Payment Dates or the Final Maturity Date (as the case may be) as specified in the Conditions and including such Excluded Scheduled Principal Amounts (whenever the same arose).

Governing Law

The OBG Guarantee, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Servicing Agreement

Pursuant to a servicing agreement entered into on 13 January 2012, as amended from time to time, between the Servicer and the OBG Guarantor (the "**Servicing Agreement**"), the Servicer has agreed to administer and service the Mortgage Receivables, on behalf of the OBG Guarantor. The appointment to the Servicer is not a mandate *in rem propriam* and, therefore, the OBG Guarantor is entitled to revoke or terminate the same in accordance with the provisions set forth in the Servicing Agreement.

As consideration for the activity performed and reimbursement of expenses, the Servicing Agreement provides that the Servicer will receive certain fees payable by the OBG Guarantor on each Guarantor Payment Date in accordance with the applicable Priority of Payments.

Servicer's activities

In the context of the appointment, the Servicer has undertaken to perform, with its best diligence and highest ethical standards, *inter alia*, the activities specified below:

(i) administration, management and collection of the Mortgage Receivables in accordance with the Collection Policies; management and administration of enforcement proceedings and insolvency proceedings;

(ii) to perform certain activities with reference to the data processing pursuant to Legislative Decree no. 196 of 30 June 2003 (the "**Privacy Law**");

(iii) to keep and maintain updated and safe the documents relating to the transfer of the Mortgage Receivables from the Seller to the OBG Guarantor; to consent to the OBG Guarantor and the Representative of the OBG Holders to examine and inspect the Documents and to draw copies; and

(iv) upon the occurrence of an Issuer Events of Default, the Servicer may or, in certain case, must, in the name and on behalf of the OBG Guarantor, in accordance with the terms and conditions set forth in the Portfolio Administration Agreement, selling or offer to sell to third parties one or more Assets.

The Servicer is entitled to delegate the performance of certain activities to third parties, except for the supervisory activities in accordance with Bank of Italy Regulations of 5 August 1996, No. 216, as amended and supplemented. Notwithstanding the above, the Servicer shall remain fully liable for the activities performed by a party so appointed by the Servicer, and shall maintain the OBG Guarantor fully indemnified for any losses, costs and damages incurred for the activity performed by a party so appointed by the Servicer.

Servicer Reports

The Servicer has undertaken to prepare and submit reports to the OBG Guarantor, the Administrative Services Provider, the Representative of the OBG Holders and the Calculation

Agent, in the form set out in the Servicing Agreement, containing information about the Collections made in respect of the Portfolio during the preceding Collection Period. The reports will provide the main information relating to the Servicer's activity during the period, including without limitation: a description of the Portfolio (outstanding amount, principal and interest), information relating to delinquencies, defaults and collections during the Collection Period.

On an annual basis, an audit firm agreed with between the parties will be instructed to issue an audit report on the activities (including monitoring activities) performed by the Servicer throughout the last year.

Successor Servicer

According to the Servicing Agreement, upon the occurrence of a termination or withdrawal event, the OBG Guarantor shall have the right to withdraw the appointment of the Servicer and, subject to the approval in writing of the Representative of the OBG Holders, to appoint a different entity (the "**Successor Servicer**"). The Successor Servicer shall undertake to carry out the activity of administration, management and collection of the Mortgage Receivables, as well as all other activities provided for in the Servicing Agreement by entering into a servicing agreement having substantially the same form and contents as the Servicing Agreement and accepting the terms and conditions of the Intercreditor Agreement.

The OBG Guarantor may terminate the Servicer's appointment and appoint a Successor Servicer following the occurrence of any of the termination event (each a "**Servicer Termination Event**"). The Servicer Termination Events include:

(i) failure to transfer, deposit or pay any amount due by the Servicer within 10 Business Days from the date on which such amount has been required to be transferred, paid or deposited;

(ii) failure to observe or perform duties under specified clauses of the Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the OBG Guarantor;

(iii) an insolvency, liquidation or winding up event occurs with respect to the Servicer;

(iv) failure to observe or perform duties under the Transaction Documents and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the OBG Guarantor where such breach prejudiced the reliance of the OBG Guarantor on the Servicer;

(v) amendments of the functions and services involved in the management of the Mortgage Receivables and in the recovery and collection procedures, if such amendments may individually or jointly, prevent the Servicer from fulfilling the obligations assumed under the Servicing Agreement; and

(vi) inability of the Servicer to meet the legal requirements and the Bank of Italy's regulations for entities acting as servicer.

The Servicing Agreement provides several actions to be taken by the Servicer if and for so long as the rating of the Servicer (or the Successor Servicer, if any) shall, *inter alia*, fall below "P-2(cr)" (short term) or "A3(cr)" (long term) by Moody's, unless, pursuant to the Portfolio Administration Agreement, taking into account the changes to the applicable Asset Percentage made under these circumstances the Mandatory Tests and the Over-Collaterisation Test are complied with. One of such actions is the notification to all Debtors of the details of a new bank account opened with an Eligible Institution in the name of the OBG Guarantor, on which the Debtors will have to transfer the amounts due under the Assets.

Back-Up Servicer

In case of loss by the Servicer of the minimum required ratings provided for under the Servicing Agreement, the OBG Guarantor shall appoint within 30 Business Days from the date on which such loss has been notified by the Servicer, a financial intermediary or a bank, having the requirements provided for in relation to the Successor Servicer and which will take the place of the Servicer in case of termination of the Servicing Agreement (the "**Back-Up Servicer**"). The Back-Up Servicer shall enter into, *inter alia*, a servicing agreement having substantially the same form and contents as the Servicing Agreement and accepting the terms and conditions of the Intercreditor Agreement.

Governing Law

The Servicing Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Administrative Services Agreement

Pursuant to an administrative services agreement entered into on 13 January 2012, as amended from time to time, (the "**Administrative Services Agreement**"), between the Administrative Services Provider and the OBG Guarantor, the Administrative Services Provider has agreed to provide the OBG Guarantor with a number of administrative services, including the keeping of the corporate books and of the accounting and tax registers.

Governing Law

The Administrative Services Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Intercreditor Agreement

Pursuant to an intercreditor agreement entered into on 19 January 2012, as amended from time to time, (the "**Intercreditor Agreement**") among, *inter alia*, the OBG Guarantor, the Representative of the OBG Holders (in its own capacity and as legal representative of the Organisation of the OBG Holders), the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Administrative Services Provider, the Account Bank, the Paying Agent, the Cash Manager, the Asset Monitor and the Calculation Agent, the parties agreed that all the Available Funds of the OBG Guarantor will be applied in or towards satisfaction of the OBG Guarantor's payment obligations towards the OBG Holders as well as the other Secured Creditors, in accordance with the relevant Priority of Payments provided in the Intercreditor Agreement.

According to the Intercreditor Agreement, the Representative of the OBG Holders will, subject to a Guarantor Events of Default having occurred and the service of a Guarantor Acceleration Notice, ensure that all the Available Funds are applied in or towards satisfaction of the OBG Guarantor's payment obligations towards the OBG Holders as well as the other Secured Creditors, in accordance with the Post-Guarantor Default Priority of Payments provided in the Intercreditor Agreement.

The obligations owed by the OBG Guarantor to each of the OBG Holders and each of the other Secured Creditors will be limited recourse obligations of the OBG Guarantor. The OBG Holders and the other Secured Creditors will have a claim against the OBG Guarantor only to the extent of the Available Funds, in each case subject to and as provided for in the Intercreditor Agreement and the other Transaction Documents.

The OBG Guarantor has granted a general irrevocable mandate to the Representative of the OBG Holders, in the interest of the OBG Holders and the other Secured Creditors, to act in the name and on behalf of the OBG Guarantor on the terms and conditions specified in the Intercreditor Agreement, in exercising the rights of the OBG Guarantor under the Transaction Documents to which it is a party, other than the rights related to the collection and recovery of the Mortgage Receivables and to cash and payment services (save, in this respect, as provided otherwise therein).

Governing Law

The Intercreditor Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Cash Management and Agency Agreement

Pursuant to a cash management and agency agreement entered into on 19 January 2012, as amended from time to time, between, *inter alia*, the OBG Guarantor, the Cash Manager, the Account Bank, the Paying Agent, the Servicer, the Administrative Services Provider, the Calculation Agent, the Additional Calculation Agent and the Representative of the OBG Holders (the "**Cash Management and Agency Agreement**"):

(i) the Account Bank has agreed to establish and maintain the Collection Accounts, the Reserve Account and the Expenses Account and to provide, *inter alia*, the OBG Guarantor, prior to each Calculation Date, with a report together with account handling services in relation to moneys from time to time standing to the credit of the accounts above mentioned;

(ii) the Cash Manager will provide, *inter alia*, the OBG Guarantor, on or prior to each Calculation Date, with a report together with certain cash management services in relation to moneys standing to the credit of the Accounts;

(iii) the Calculation Agent (with the cooperation of the Additional Calculation Agent) will provide, *inter alia*, the OBG Guarantor: (i) with a payments report (the "**Payments Report**") which will set out the Available Funds and the payments to be made on the following OBG Payment Date and (ii) with an investors report (the "**Investors**

Report") which will set out certain information with respect to the Portfolio and the OBG;

(iv) the Additional Calculation Agent will cooperate with the Calculation Agent in preparing: (i) each Payments Report and (ii) each Investors Report; and

(v) the Paying Agent will provide the Issuer and the OBG Guarantor with certain payment services in respect of the OBG and has agreed to establish and maintain the Payment Account, the Eligible Investments Account and the Securities Account. Following the delivery of a Notice to pay or a Guarantor Acceleration Notice, the Paying Agent shall make payments of principal and interest in respect of the Guaranteed Amounts on behalf of the OBG Guarantor upon being so instructed.

Upon the occurrence of certain events with the reference to the Account Bank, the Cash Manager, the Calculation Agent or the Paying Agent, including:

(i) the default to perform their own duties and obligations under the Cash Management and Agency Agreement;

(ii) the cessation or the threat to cease to carry on their business or a substantial part of their business or the interruption of payments or the threat to interrupt payment of their debts; and

(iii) the inability to perform their obligations under such agreement for a period of sixty days by reason of circumstances beyond their respective reasonable control;

either the Representative of the OBG Holders or the OBG Guarantor, provided that (in the case of the OBG Guarantor) the Representative of the OBG Holders consents in writing to such termination, may terminate the appointment of the relevant Agent under the terms of the Cash Management and Agency Agreement. Notwithstanding the above, none of the Agents shall be released from its respective obligations under the Cash Management and Agency Agreement until the relevant substitute has been appointed by the Representative of the OBG Holders and/or the OBG Guarantor and has accepted the Deed of Pledge and has entered into the Intercreditor Agreement, the Master Definitions Agreement and an agreement on the same terms *mutatis mutandis* as the Cash Management and Agency Agreement.

Governing Law

The Cash Management and Agency Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Portfolio Administration Agreement

Pursuant to a portfolio administration agreement entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor, the UniCredit (as Issuer and Seller), the Asset Monitor, the Representative of the OBG Holders and the Calculation Agent (the "**Portfolio Administration Agreement**"), the UniCredit (as Issuer and Seller) and the OBG Guarantor have undertaken certain obligations for the replenishment of the Portfolio in order to cure a breach of the Mandatory Tests or the Over-Collateralisation Test and the purchase and sale by the OBG Guarantor of the assets included in Portfolios.

Pursuant to the terms and conditions of the Portfolio Administration Agreement, the Calculation Agent has agreed to verify the compliance of the Mandatory Tests and the Over-Collateralisation Test and, in the event of a breach, to immediately notify in writing the Representative of the OBG Holders, the Issuer, the Seller, any Additional Seller (if any), the Asset Monitor and OBG Guarantor of such breach. Respectively on each Calculation Date and on each OC Calculation Date, moreover, the Calculation Agent shall deliver an asset cover report including the relevant calculations in respect of the Mandatory Tests and the Over Collateralisation Test to the Issuer, the Seller, any Additional Seller (if any), the Representative of the OBG Holders and the Asset Monitor.

Starting from the first Maturity Date on which any amount in respect of a Series remained unpaid and on any date falling six months thereafter until the day on which a Negative Report for breach of the Amortisation Test has been served on the OBG Guarantor (each such date, a "**Refinance Date**"), the OBG Guarantor shall (if necessary in order to effect payments under the Pass-Through OBG and the OBG which are not Pass-Through OBG, in such last case as originally scheduled in the relevant Final Terms, as determined by the Calculation Agent in consultation with the Portfolio Manager), direct the Servicer or the Substitute Servicer (and the Portfolio Manager) to sell as soon as practicable all or part of the Selected Assets in accordance with the Portfolio Administration Agreement, subject to any pre-emption right of the Seller and any Additional Seller (if any) pursuant to the Master Transfer Agreement or any other Transaction Documents. The proceeds of any such sale shall be credited to the Principal Collection Account and invested in accordance with the terms of the Cash Management and Agency Agreement.

For so long as there are OBG outstanding, following service of a Notice to Pay (but prior to the occurrence of a Guarantor Event of Default) UniCredit (as Seller and Issuer) and the Additional Seller (if any) shall procure to verify on a continuing basis, and on each Calculation Date, the compliance of the Amortisation Test. If the Amortisation Test is breached a Guarantor Event of Default shall occur.

Following the delivery of a Guarantor Acceleration Notice, the Representative of the OBG Holders shall, in the name and on behalf of the OBG Guarantor, direct the Servicer or the Successor Servicer (if any) to sell Selected Assets in accordance with the Portfolio Administration Agreement, subject to any pre-emption right of UniCredit (as Seller and Issuer) or any Additional Servicer (if any) pursuant to the Master Transfer Agreement or any other Transaction Documents. The proceeds of any such sale shall be credited to the Principal Collection Account and applied in accordance with the relevant Priority of Payments.

If the OBG Guarantor is required to sell Selected Assets following the occurrence of a Guarantor Event of Default, the Representative of the OBG Holders shall (i) in the name and on behalf of the OBG Guarantor (so authorised by means of the execution of the Portfolio Administration Agreement) instruct the Servicer or Successor Servicer (if any) to sell a portfolio of Selected Assets in respect of all the Series of OBG and (ii) instruct the Portfolio Manager to use all reasonable endeavours to procure that Selected Assets are sold as quickly as reasonably practicable taking into account the market conditions at that time.

Governing Law

The Portfolio Administration Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Asset Monitor Agreement

Pursuant to an asset monitor agreement entered into on 19 January 2012, as amended from time to time, among, *inter alios*, the Asset Monitor, the OBG Guarantor, the Calculation Agent, the Issuer, the Seller and the Representative of the OBG Holders (the "**Asset Monitor Agreement**"), the Asset Monitor will perform certain tests and procedures and carry out certain monitoring and reporting services with respect to the Issuer and the OBG Guarantor.

Pursuant to the Asset Monitor Agreement, the Asset Monitor has agreed to the Issuer and, upon delivery of a Notice to Pay, to the OBG Guarantor, subject to due receipt of the information to be provided by the Calculation Agent, to conduct independent tests in respect of the calculations performed by the Calculation Agent for the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test, as applicable with a view to verifying the compliance by the OBG Guarantor with such tests.

The Asset Monitor will be required to conduct such tests no later than the relevant Asset Monitor Report Date (as defined under the Asset Monitor Agreement). On each Asset Monitor Report Date, the Asset Monitor shall deliver to the OBG Guarantor, the Calculation Agent, the Representative of the OBG Holders and the Issuer a report substantially in the form set forth under the Asset Monitor Agreement.

Other than in relation to the verification of the Mandatory Tests, the Over-Collateralisation Test and the Amortisation Test, the Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it under the Asset Monitor Agreement is true and correct and is complete and not misleading. The results of the tests conducted by the Asset Monitor will be delivered to the Cash Manager, the OBG Guarantor, the Issuer and the Representative of the OBG Holders.

In the Asset Monitor Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the OBG Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the OBG Holders and accepted that upon delivery of a Notice to Pay, it will receive instructions from, provide its services to, and be liable *vis-à-vis* the OBG Guarantor or the Representative of the OBG Holders on its behalf.

The OBG Guarantor will pay to the Asset Monitor a fee per test for the tests to be performed by the Asset Monitor in the amount set out in the Asset Monitor Agreement from time to time.

The Issuer and (upon delivery of a Notice to Pay) the OBG Guarantor may, subject to the prior written consent of the Representative of the OBG Holders, revoke the appointment of the Asset Monitor by giving not less than three months or earlier, in the event of a breach of warranties and covenants, written notice to the Asset Monitor (with a copy to the Representative of the OBG Holders). If termination of the appointment of the Asset Monitor would otherwise take effect less than 30 days before or after any Calculation Date immediately after which an Asset Monitor Report shall be delivered, then such termination shall not take effect until the tenth

day following such Calculation Date. In any case, no revocation of the appointment of the Asset Monitor shall take effect until a successor, approved by the Representative of the OBG Holders, has been duly appointed.

The Asset Monitor may, at any time, resign by giving not less than two months prior written notice of termination to the Issuer, the OBG Guarantor and the Representative of the OBG Holders, provided that such resignation will not take effect unless and until, *inter alia*: (i) a substitute Asset Monitor being appointed by the Issuer and (upon delivery of a Notice to Pay) the OBG Guarantor, with the prior written approval of the Representative of the OBG Holders, on substantially the same terms as those set out in the Asset Monitor Agreement; and (ii) the Asset Monitor being not released from its obligations under the Asset Monitor Agreement until a substitute Asset Monitor has entered into such new agreement and it has become a party to the Intercreditor Agreement.

Governing Law

The Asset Monitor Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Quotaholders' Agreement

Pursuant to a quotaholders' agreement entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor, the Seller, SVM and the Representative of the OBG Holders (the "**Quotaholders' Agreement**") the parties have undertaken certain provisions in relation to the management of the OBG Guarantor. In addition, pursuant to the Quotaholders' Agreement, SVM granted a call option in favour of the Seller to purchase from SVM and the Seller granted a put option in favour of SVM to sell to the Seller the quota of the OBG Guarantor quota capital held by SVM.

Governing Law

The Quotaholders' Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Dealer Agreement

Pursuant to a dealer agreement entered into on 19 January 2012, as amended from time to time, between the Issuer, the Seller, the OBG Guarantor, the Representative of OBG Holders and the Dealers (the "**Dealer Agreement**"), the parties have agreed certain arrangements under which the OBG may be issued and sold, from time to time, by the Issuer to any one or more of the Dealers.

The Issuer will indemnify the Dealers for costs, liabilities, charges, expenses and claims incurred by or made against the Dealers arising out of, in connection with or based on breach of duty or misrepresentation by the Issuer.

The Dealer Agreement contains provisions relating to the resignation or termination of appointment of existing Dealers and for the appointment of additional or other dealers acceding as new dealer: (i) generally in respect of the Programme or (ii) in relation to a particular issue of OBG.

The Dealer Agreement contains stabilisation provisions.

Pursuant to the Dealer Agreement, the Issuer, the OBG Guarantor and the Seller gave certain representations and warranties to the Dealers in relation to, *inter alia*, theirselves and the information given respectively by each of them in connection with this Prospectus.

Governing Law

The Dealer Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Subscription Agreement

The Dealer Agreement also contains the *pro forma* of the Subscription Agreement to be entered into in relation to each issue of OBG issued on a syndicated basis.

On or prior to the relevant Issue Date, the Issuer, the Dealers who are parties to such Subscription Agreement (the "**Relevant Dealers**") will enter into a subscription agreement under which the Relevant Dealers will agree to subscribe for the relevant Tranche of OBG, subject to the conditions set out therein.

Under the terms of the Subscription Agreement, the Relevant Dealers will confirm the appointment of the Representative of the OBG Holders.

A simplified procedure is provided for the issuance of OBG on a non-syndicated basis.

Governing Law

The Subscription Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Deed of Pledge

Pursuant to a deed of pledge entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor, the Representative of the OBG Holders and the other Secured Creditors (the "**Deed of Pledge**"), which the OBG Guarantor pledged in favour of the OBG Holders and the Secured Creditors all the monetary claims and rights and all the amounts payable from time to time (including payment for Mortgage Receivables, indemnities, damages, penalties, credits and guarantees) to which the Issuer is entitled pursuant or in relation to the Transaction Documents (other than the Deed of Pledge and the Conditions), including the monetary claims and rights relating to the amounts standing to the credit of the Accounts and any other account established by the OBG Guarantor in accordance with the provisions of the Transaction Documents.

Governing Law

The Deed Pledge, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

Master Definition Agreement

Pursuant to a master definition agreement entered into on 19 January 2012, as amended from time to time, between the OBG Guarantor and the other parties to the Transaction Documents

(the "**Master Definition Agreement**"), the parties thereto agreed, the definitions and constructions of certain terms used in the Transaction Documents.

Governing Law

The Master Definition Agreement, and any non-contractual obligations arising out of, or in connection with it, are governed by Italian law.

SELECTED ASPECTS OF ITALIAN LAW

The following is an overview only of certain aspects of Italian law that are relevant to the transactions described in this Prospectus and of which prospective OBG Holders should be aware. It is not intended to be exhaustive and prospective OBG Holders should also read the detailed information set out elsewhere in this Prospectus.

Law 130 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

Law Decree of 14 March 2005, No. 35, converted into law by law 14 May 2005, No. 80, added Articles *7-bis* and *7-ter* to Law 130, in view of allowing Italian banks to use the securitisation techniques introduced by Law 130 in view of issuing covered bonds (*obbligazioni bancarie garantite*).

Law 130 was further amended by Law Decree no. 145 of 23 December 2013 (the "**Decreto Destinazione Italia**") as converted with amendments into Law n. 9 of 21 February 2014 and by Law Decree no. 91 of 24 June 2014 (the "**Decreto Competitività**") as converted into Law no. 116 of 11 August 2014.

Pursuant to Article *7-bis,* certain provisions of Law 130 apply to transactions involving the true sale (by way of non-gratuitous assignment) of receivables meeting certain eligibility criteria set out in Article *7-bis* and in the Decree of the Ministry of Economy and Finance No. 310 of 14 December 2006 (the "**MEF Decree**"), where the sale is to a special purpose vehicle created in accordance with Article *7-bis* and all amounts paid by the debtors are to be used by the relevant special purpose vehicle exclusively to meet its obligations under a guarantee to be issued by it, in view of securing the payment obligations of the selling bank or of other banks in connection with the issue of covered bonds (the "**OBG Guarantee**").

Pursuant to Article *7-bis,* the purchase price of the assets to be comprised in the cover pool shall be financed through the taking of a loan granted or guaranteed by the banks selling the assets. The payment obligations of the special purpose vehicle under such loan shall be subordinated to the payment obligations of the special purpose vehicle *vis-à-vis* the OBG holders, the counterparties of any derivative contracts hedging risks in connection with the assigned receivables and securities, the counterparties of any other ancillary contract and counterparties having a claim in relation to any payment of other costs of the transaction.

Under the BoI OBG Regulations, the covered bonds may be issued by banks which individually satisfy, or which belong to banking groups which on a consolidated basis satisfy, certain requirements relating to the regulatory capital and the solvency ratio. Such requirements must also be complied with by banks selling the assets, where the latter are different from the bank issuing the covered bonds.

On 8 May 2015, the Ministerial Decree No. 53/2015 (the "**Decree 53/2015**") issued by the Ministry of Economy and Finance was published in the Official Gazette of the Republic of Italy. The Decree 53/2015 provides for the implementation of Articles 106, paragraph 3, 112,

paragraph 3, and 114 of the Banking Law and Article 7-ter, paragraph 1-bis of the Law 130 and entered into force on 23 May 2015, repealing the Decree No. 29/2009. Pursuant to Article 7 of the Decree 53/2015, the assignee companies which guarantee covered bonds, belonging to a banking group as defined by Article 60 of the Banking Law (such as UniCredit OBG S.r.l.), will no longer have to be registered in the general register held by the Bank of Italy pursuant to Article 106 of the Banking Law.

Eligibility criteria of the assets and limits to the assignment of assets

Under the MEF Decree, the following assets, *inter alia*, may be assigned to the purchasing company, together with any ancillary contracts aimed at hedging the financial risks embedded in the relevant assets: (i) residential mortgage receivables, where the relevant amount outstanding added to the principal amount outstanding of any previous mortgage loans secured by the same property by the seller, does not exceed 80 per cent. of the value of the mortgaged property (the "**Residential Mortgage Receivables**"), (ii) non residential mortgage receivables, where the relevant amount outstanding added to the principal amount outstanding of any previous mortgage loans secured by the same property by the seller, does not exceed 60 per cent. of the value of the property (the "**Non-Residential Mortgage Receivables**" and, together with the Residential Mortgage Receivables, the "**Mortgage Receivables**"), (iii) securities satisfying the requirements set forth under Article 2, paragraph 1, letter c) of the MEF Decree (as define below) (the "**Public Securities**") and (iv) securities issued in the framework of securitisations with 95% of the underlying assets of the same nature as in (i) and (ii) above and having a risk weighting non higher than 20% under the standardised approach (the "**ABS Securities**" and, together with the Mortgage Receivables and the Public Securities, the "**Assets**"), and, within certain limits, Integration Assets.

The BoI OBG Regulations provides that covered bonds may be issued by banks which satisfy, on a consolidated basis, the following requirements:

(i) own funds at least equal to €250,000,000; and

(ii) overall capital ratio (*coefficiente patrimoniale complessivo*) at least equal to 9 per cent.

The BoI OBG Regulations set out certain limits to the possibility for banks to assign eligible assets, which are based on the level of the tier 1 ratio (the "**T1R**") and the common equity tier 1 ratio (the "**CET1R**"), in accordance with the following table, contained in the BoI OBG Regulations:

Capital adequacy condition		Limits to the assignment
Group "A"	T1R ≥ 9 per cent. and CET1R ≥ 8 per	No limits
Group "B"	T1R ≥ 8 per cent. and CET1R ≥ 7 per cent.	Assignment allowed up to 60 per cent. of the eligible assets
Group "C"	T1R ≥ 7 per cent. and CET1R ≥ 6 per cent. per cent.	Assignment allowed up to 25 per cent. of the eligible assets

The relevant T1R and CET1R set out in the table relate to the aggregate of the OBG transactions launched by the relevant banking group.

The Limits to the Assignment do not apply to Integration (as defined below) of the portfolio, provided that Integration is allowed exclusively within the limits set out by the BoI OBG Regulations.

Ring Fencing of the Assets

Under the terms of Article 3 of Law 130, all the receivables relating to a Law 130 transaction, the relevant collections (to the extent that they are clearly identifiable as the relevant Law 130 special purpose vehicle's collections under the receivables), any monetary claims accrued by the relevant special purpose vehicle in the context of the relevant Law 130 transaction and the financial assets resulting from the investment of the cash referred to above are segregated from all other assets of the relevant Law 130 special purpose vehicle and from those relating to the other Law 130 transactions carried out by the same Law 130 special purpose vehicle. On a winding-up of such a special purpose vehicle, such assets will only be available to holders of the covered bonds in respect of which the special purpose vehicle has issued a guarantee and to the other secured creditors of the special purpose vehicle. In addition, the assets relating to a particular transaction will not be available to the holders of covered bonds issued under any other covered bonds transaction or to general creditors of the special purpose vehicle.

However, under Italian law, any other creditor of the special purpose vehicle would be able to commence insolvency or winding-up proceedings against the special purpose vehicle in respect of any unpaid debt.

Decree Competività has provided, *inter alia*, that, to the extent that the relevant depository bank where the Law 130 special purpose vehicle holds its bank accounts in the context of a Law 130 transaction is subject to insolvency proceedings in Italy, upon the commencement of insolvency or insolvency-like proceedings against such depository bank, the amounts standing to the credit of such accounts: (i) may not be subject to the suspension of payments pursuant to article 74 of the Banking Law; and (ii) should be promptly repaid in full to the relevant Law 130 special purpose vehicle, without any need to file in the insolvency proceeding (*domanda di ammissione al passivo o di rivendica*) and outside of the applicable insolvency distributions (*fuori dei piani di riparto o di restituzione di somme*).

The Assignment

The assignment of the receivables under Law 130 will be governed by Article 58 paragraphs 2, 3 and 4, of the Banking Law. The prevailing interpretation of this provision, which view has been strengthened by Article 4 of Law 130, is that the assignment can be perfected against the originator, assigned debtors and third party creditors by way of publication of a notice in the Italian Official Gazette and by way of registration of such notice in the register of enterprises (*registro delle imprese*) where the special purpose vehicle is registered, so avoiding the need for notification to be served on each debtor.

As from the latest to occur between the date of publication of the notice of the assignment in the Italian Official Gazette and the date of registration of such notice with the Register of Enterprises at which the purchaser is registered, the assignment becomes enforceable against:

(a) the debtors and any creditors of the originator who have not, prior to the date of publication of the notice, commenced enforcement proceedings in respect of the relevant receivables;

(b) the liquidator or any other bankruptcy officials of the debtors (so that any payments made by a debtor to the special purpose vehicle may not be subject to any claw-back action according to Articles 65 and 67 of Royal Decree no. 267 of 16 March 1942 (*Legge Fallimentare*), the "**Bankruptcy Law**"); and

(c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication.

Upon the completion of the formalities referred to above, the benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority in favour of the purchaser, without the need for any formality or annotation.

As from the latest to occur between the date of publication of the notice of the assignment in the Italian Official Gazette and the date of registration of such notice with the Register of Enterprises at which the purchaser is registered, no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the covered bonds and other creditors for costs incurred in the framework of the transaction.

Notice of the initial assignment of the Initial Receivables pursuant to the Master Transfer Agreement was published in the Italian Official Gazette and was filed with the relevant Register of Enterprises.

However, Article 7-*bis,* para. 4, also provides that, where the role of servicer (*soggetto incaricato della riscossione dei crediti*) is attributed, in the context of covered bonds transaction, to an entity other than the assigning bank (whether from the outset or eventually), notice of such circumstance shall be given by way of publication in the Italian Official Gazette and registered mail with return receipt to the relevant public administrations.

Assignments under Law 130

Assignments executed under Law 130 are subject to revocation on bankruptcy under Article 67 of the Bankruptcy Law, but only in the event that the transaction is entered into within three months of the adjudication of bankruptcy of the relevant party or in cases where paragraph 1 of Article 67 applies, within six months of the adjudication of bankruptcy.

In addition to the above, any payment made by an assigned debtor to the OBG Guarantor is not subject to claw-back actions pursuant to article 65 and article 67 of the Bankruptcy Law.

The subordinated loans to be granted to the special purpose vehicle and the covered bond guarantee are subject to the provisions of Article 67, paragraph 4, of the Bankruptcy Law, pursuant to which the provisions of Article 67 relating to the claw-back of for-consideration transactions, payments and guarantees do not apply to certain transactions.

Tests set out in the MEF Decree

Pursuant to Article 3 of the MEF Decree, the issuing bank and the assigning bank (to the extent different from the issuer) will have to ensure that, on a on-going basis, the following mandatory tests are complied with:

(a) the outstanding aggregate nominal amount of the cover pool shall be equal to, or greater than, the aggregate nominal amount of the outstanding covered bonds;

(b) the net present value of the cover pool, net of the transaction costs to be borne by the special purpose vehicle, including therein the expected costs and the costs of any hedging arrangement entered into in relation to the transaction, shall be equal to, or greater than, the net present value of the outstanding covered bonds; and

(c) the amount of interests and other revenues generated by the cover pool, net of the costs borne by the special purpose company, shall be equal to, or greater than, the interests and costs due by the issuer under the outstanding covered bonds, also taking into account any hedging arrangements entered into in relation to the transaction.

For the purpose of ensuring compliance with the tests described above and pursuant to Article 2 of the MEF Decree, the following assets (the "**Integration Assets**") may be used for the purpose of integration of the cover pool, in addition to eligible assets pursuant to the OBG Regulations:

(i) the creation of deposits with banks incorporated in Admitted States or in a State which attract a risk weight factor equal to 0 per cent. under the "Standardised Approach" to credit risk measurement; and

(ii) the assignment of securities issued by the banks referred to under paragraph (i) above, having a residual maturity not exceeding one year.

Integration Assets

Integration through Integration Assets shall be allowed within the Limit to the Integration.

In addition, pursuant to Article 7-*bis* and the MEF Decree, integration of the cover pool – whether through eligible assets pursuant to the OBG Regulations or through integration assets – (the "**Integration**") shall be carried out in accordance with the methods, and subject to the limits, set out in the BoI OBG Regulations.

More specifically, under the BoI OBG Regulations, the Integration is allowed exclusively for the purpose of: (a) complying with the tests provided for by the MEF Decree; (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant

agreements; or (c) complying with the 15 per cent. maximum amount of Integration Assets within the portfolio. The Limit to Integration does not apply in case of Integration Assignment

The Integration is not allowed in circumstances other than as set out in the BoI OBG Regulations. In any event, Integration Assets may be replaced at any time without any limitation with Eligible Assets.

The features of the OBG Guarantee

According to Article 4 of the MEF Decree the OBG Guarantee shall be limited recourse to the cover pool, irrevocable, first-demand, unconditional and autonomous from the obligations assumed by the issuer of the covered bonds. Accordingly, such obligations shall be a direct, unconditional, unsubordinated obligation of the special purpose vehicle, limited recourse to the special purpose vehicle's available funds, irrespective of any invalidity, irregularity or unenforceability of any of the guaranteed obligations of the issuer of the covered bonds.

In order to ensure the autonomous nature of the OBG Guarantee, Article 4 of the MEF Decree provides that the following provisions of the Italian Civil Code, generally applicable to personal guarantees (*fideiussioni*), shall not apply to the OBG Guarantee (a) Article 1939, providing that a *fideiussione* shall not generally be valid where the guaranteed obligation is not valid; (b) Article 1941, paragraph. 1, providing that a *fideiussione* cannot exceed the amounts due by the guaranteed debtor, nor can it be granted for conditions more onerous than those pertaining to the main obligation; (c) Article 1944, paragraph. 2, providing, *inter alia*, that the parties to the contract pursuant to which the *fideiussione* is issued may agree that the guarantor shall not be obliged to pay before the attachment is carried out against the guaranteed debtor; (d) Article 1945, providing that the guarantor can raise against the creditor any objections (*eccezioni*) which the guaranteed debtor is entitled to raise, except for the objection relating to the lack of legal capacity on the part of the guaranteed debtor; (e) Article 1955, providing that a *fideiussione* shall become ineffective (*estinta*) where, as a consequence of acts of the creditor, the guarantor is prevented from subrogating into any rights, pledges, mortgages, and liens (*privilegi*) of the creditor; (f) Article 1956, providing that the guarantor of future receivables shall not be liable where the creditor - without the authorisation of the guarantor - has extended credit to a third party, while being aware that the economic conditions of the principal obligor were such that recovering the receivable would have become significantly more difficult; and (g) Article 1957, providing, *inter alia*, that the guarantor will be liable also after the guaranteed obligation has become due and payable, provided that the creditor has filed its claim against the guaranteed debtor within six months and has diligently pursued them.

The obligations of the OBG Guarantor following a liquidation of the Issuer

The MEF Decree set out also certain principles which are aimed at ensuring that the payment obligations of the special purpose vehicle are isolated from those of the issuer of the OBG. To that effect it requires that the OBG Guarantee contains provisions stating that the relevant obligations thereunder shall not accelerate upon the issuer's default, so that the payment profile of the covered bonds shall not automatically be affected thereby.

More specifically, Article 4 of the MEF Decree provides that in case of breach by the issuer of its obligations *vis-à-vis* the covered bonds holders, the special purpose vehicle shall assume the

obligations of the issuer - within the limits of the cover pool - in accordance with the terms and conditions originally set out for the covered bonds. The same provision applies where the issuer is subjected to mandatory liquidation procedures (*liquidazione coatta amministrativa*).

In addition, the acceleration (*decadenza dal beneficio del termine*) provided for by Article 1186 of the Civil Code and affecting the issuer shall not affect the payment obligations of the special purpose vehicle under the OBG Guarantee. Pursuant to Article 4 of the MEF Decree, the limitation in the application of Article 1186 of the Civil Code shall apply not only to the events expressly mentioned therein, but also to any additional event of acceleration provided for in the relevant contractual arrangements.

In accordance with Article 4, paragraph. 3, of the MEF Decree, in case of *liquidazione coatta amministrativa* of the issuer, the special purpose vehicle shall exercise the rights of the covered bonds holders *vis-à-vis* the issuer in accordance with the legal regime applicable to the issuer. Any amount recovered by the special purpose vehicle as a result of the exercise of such rights shall be deemed to be included in the cover pool.

The Bank of Italy shall supervise on the compliance with the aforesaid provisions, within the limits of the powers vested with the Bank of Italy by the Banking Law.

Controls over the transaction

The BoI OBG Regulations lay down rules on controls over transactions involving the issuance of OBG.

Inter alia, the resolutions of the selling banks approving the assignment of portfolios to the special purpose vehicle are passed in relation to each transfer of assets on the basis of appraisal reports on the assets prepared by an auditing firm. Such report are not required where the assignment is carried out at the book values set out in the most recent approved financial statements of the selling bank, or in its most recent six month report (*situazione patrimoniale semestrale*).

The management body of the issuing bank must ensure that the structures delegated to the risk management verify at least every six months and for each transaction, *inter alia*:

(i) the quality and integrity of the assets sold to the SPV securing the obligations undertaken by the latter;

(ii) compliance with the maximum ratio between covered bonds issued and the cover pool sold to the SPV for purposes of backing the issue, in accordance with the MEF Decree;

(iii) compliance with the Limits to the Assignment and the on, and Limits to the Integration set out by the BoI OBG Regulations;

(iv) the effectiveness and adequacy of the coverage of risks provided under derivative agreements entered into in connection with the transaction; and

(v) the completeness, truthfulness and the timely delivery of the information provided to investors pursuant to article 129, paragraph 7, of the CRD IV Regulation.

The bodies with management responsibilities of issuing banks and banking groups ensure that an assessment is carried out on the legal aspects of the activity on the basis of specially issued legal reports setting out an in-depth analysis of the contractual structures and schemes adopted, with a particular focus on, *inter alia*, the characteristics of the OBG Guarantee.

The BoI OBG Regulations also contain certain provisions on the asset monitor, who is delegated to carry out controls over the regularity of the transaction (including completeness, truthfulness and the timely delivery of the information provided to investors pursuant to article 129, paragraph 7, of the CRD IV Regulation) (*regolarità dell'operazione*) and the integrity of the OBG Guarantee (*integrità della garanzia*) (the "**Asset Monitor**"). Pursuant to the BoI OBG Regulations the Asset Monitor shall be an auditing firm having adequate professional experience in relation to the tasks entrusted with the same and independent from (a) the audit firm entrusted with the auditing of the issuing bank, (b) the issuing bank and (c) the other entities taking part to the transaction.

The Asset Monitor shall prepare annual reports on controls and assessments on the performance of transactions, to be addressed, *inter alia*, to the body entrusted with control functions of the bank which appointed the Asset Monitor. The BoI OBG Regulations refer to the provisions (art. 52 and 61, paragraph 5, of the Banking Law), which impose on persons responsible for conducting controls specific obligations to report to the Bank of Italy. Such reference appears to be aimed at ensuring that irregularities found are reported to the Bank of Italy pursuant to Article 52, paragraph 2, of the Banking Law.

In order to ensure that the special purpose vehicle can perform, in an orderly and timely manner, the obligations arising under the OBG Guarantee, the issuing banks shall use asset and liability management techniques for purposes of ensuring, including by way of specific controls at least every six months, that the payment dates of the cash-flows generated by the cover pool match the payments dates with respect to payments due by the issuing bank under the covered bonds issued and other transaction costs.

Finally, in relation to the information flows, the parties to the covered bonds transactions shall assume contractual undertakings allowing the issuing and the assigning bank also acting as servicer (and any third party servicer, if appointed) to hold the information on the cover pool which are necessary to carry out the controls described in the BoI OBG Regulations and for the compliance with the supervisory reporting obligations, including therein the obligations arising in connection with the membership to the central credit register (*Centrale dei Rischi*).

Insolvency proceedings

Insolvency proceedings (*procedure concorsuali*) conducted under Italian law may take the form of, *inter alia*, a forced liquidation (*fallimento*) or creditors' agreements (*concordato preventivo* and *accordi di ristrutturazione dei debiti*). Insolvency proceedings are only applicable to businesses (*imprese*) either run by companies, partnerships or by individuals. An individual who is not a sole entrepreneur or an unlimited partner in a partnership is not subject to insolvency.

A debtor can be declared bankrupt (*fallito*) and subject to *fallimento* (at its own initiative, or at the initiative of any of its creditors or the public prosecutor) if it is not able to fulfil its

obligations in a timely manner. The debtor loses control over all its assets and of the management of its business, which is taken over by a court appointed receiver (*curatore fallimentare*). Once judgment has been made by the court and the creditors' claims have been approved, the sale of the debtor's property is conducted in accordance with a liquidation plan (approved by the delegated judge and the creditors' committee) which may provide for the dismissal of the whole business or single business units, even through competitive procedures.

A qualifying insolvent debtor may avoid being subject to *fallimento* by proposing to its creditors a composition with creditors (*concordato preventivo*). Such proposal must contain, *inter alia*: (a) an updated statement of the financial and economic situation of the insolvent company; (b) a detailed list of the creditors and their respective credit rights and related security interest; (c) a list of creditors secured by assets of the company or having possession of assets owned by the company; (d) a detailed evaluation of the assets of the insolvent company; and (e) a restructuring plan which shall detail the economic benefit granted to each creditor. Following the reform brought about by Law Decree No. 83 of 27 June 2015, as amended and converted into law by Law No. 132 of 6 August 2015 (the "**2015 Reform**"), a counter-proposal of composition with creditors (*proposta concorrente di concordato*) can be submitted by one or more creditors representing at least 10% of total indebtedness of the debtor, unless the debtor's proposal already provides for the repayment of the unsecured creditors above certain thresholds set out by the law. The offer may be structured as an offer to transfer all, or part of the assets of the insolvent debtor to the creditors (in which case the Court shall, as provided by the 2015 Reform, open a public bid procedure in relation to such sale of assets) or an offer to undertake other restructuring plans such as, inter alia, the allocation to the creditors of shares, quotas, and other debt instruments of the company. The truthfulness of the business data provided by the company and the feasibility of the proposal must be attested by an expert's report. A qualifying insolvent debtor may also enter into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with such creditors representing at least 60 per cent of its debts. The 2015 Reform also introduced the possibility for a qualifying insolvent debtor holding 50% or more of its total indebtedness *vis-à-vis* financial creditors (*i.e.* banks or financial intermediaries) to enter into a debt restructuring agreement with such financial creditors only. If such debt restructuring agreement is approved by financial creditors representing at least 75% of the total indebtedness *vis-à-vis* financial creditors, and certain other requirements are met, it will be binding also on the non-consenting financial creditors subject to certain conditions. A report of an expert certifying the truthfulness of the business data provided by the qualifying insolvent debtor and the feasibility of the settlement shall be attached to the debt restructuring agreement (*accordo di ristrutturazione dei debiti*) and the latter shall have to be approved by the Court.

The composition with creditors may, subject to certain conditions, be proposed by the qualifying insolvent debtor also as a "blank proposal" (*concordato in bianco*). In this case, the proposal (which has to include the last three financial statements and a detailed list of the creditors and their respective credit rights) will request to the competent tribunal a term comprised between 60 and 120 days (with the possibility to obtain, in case of grounded reasons, additional 60 days) for the submission of all the relevant documents, plans and reports described in the paragraph above. The competent tribunal in awarding such term for the

submission of the relevant documents, plans and reports may appoint a judicial commissioner overseeing the procedure and set out periodic information duties (including as to the financial situation and as to the activity performed for the preparation of the relevant plan) to be carried out by the qualifying insolvent debtor.

After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings may be initiated. Moreover, all actions taken and proceedings already initiated by creditors are automatically stayed.

Law No. 3 of 27 January 2012 provides that consumers and other entities which cannot be subject to insolvency proceedings may benefit from special proceedings for the restructuring of their debts. Law No. 3 of 27 January 2012 provides that such persons may file a recovery plan for the restructuring of their debts with a special authority and with the competent court and that in the case of approval of the plan, it will become binding on all the creditors of such persons.

Description of *Amministrazione Straordinaria* delle Banche

A bank may be submitted to the *amministrazione straordinaria delle banche* where (a) serious administrative irregularities, or serious violations of the provisions governing the bank's activity provided for by laws, regulations or the bank's bylaws activity are found; (b) serious capital losses are expected to occur; (c) the dissolution has been the object of a request by the administrative bodies or an extraordinary company meeting providing the reasons for the request.

According to the Banking Law, the procedure is initiated by decree of the Minister of economy and finance, acting on a proposal by the Bank of Italy, which shall terminate the board of directors and the board of statutory auditors of the bank. Subsequently the Bank of Italy shall appoint (a) one or more special administrator (*commissari straordinari*); (b) an oversight committee composed of between three and five members (*comitato di sorveglianza*). The *commissari straordinari* are entrusted with the duty to assess the situation of the bank, remove the irregularities which may have been found and promote solutions in the best interest of the depositors of the bank. The *comitato di sorveglianza* exercises auditing functions and provides to the *commissari straordinari* the opinions requested by the law or by the Bank of Italy. However, it should be noted that the Bank of Italy may instruct in a binding manner the *commissari straordinari* and the *comitato di sorveglianza* providing specific safeguards and limits concerning the management of the bank.

In exceptional circumstances, the *commissari straordinari*, in order to protect the interests of the creditors, in consultation with the *comitato di sorveglianza* and subject to an authorisation by the Bank of Italy, may suspend payment of the bank's liabilities and the restitution to customers of financial instruments. Payments may be suspended for a period of up to one month, which may be extended for an additional two months.

The *amministrazione straordinaria delle banche* shall last for one year from the date of issue of the decree of the Minister of the economy and finance. In exceptional cases, the procedure may be extended for a period of up to six months. The Bank of Italy may extend the duration of the procedure for periods of up to two months, in connection with the acts and formalities

related to the termination of the procedure, provided that the relevant acts to be executed have already been approved by the Bank of Italy.

At the end of the procedure, the *commissari straordinari* shall undertake the necessary steps for the appointment of the bodies governing the bank in the ordinary course of business. After the appointment, the management and audit functions shall be transferred to the newly appointed bodies. It should however be noted that, should at the end of the procedure or at any earlier time the conditions for the declaration of the *liquidazione coatta amministrativa* (described in the following section) be met, then the bank may be subject to such procedure.

Description of *Liquidazione Coatta Amministrativa delle Banche*

According to the Banking Law, when the conditions for the *Amministrazione straordinaria delle banche* and described in the preceding paragraph are exceptionally serious (*di eccezionale gravità*), or when a court has declared the state of insolvency of the bank, the Minister of economy and finance, acting on a proposal from the Bank of Italy, by virtue of a decree, may revoke the authorisation for the carrying out of banking activities and submit the bank to the compulsory winding up (*liquidazione coatta amministrativa*).

From the date of issue of the decree the functions of the administrative and control bodies, of the shareholders meetings and of every other governing body of the bank shall cease. The Bank of Italy shall appoint (a) one or more liquidators (*commissari liquidatori*); (b) an oversight committee composed of between three and five members (*comitato di sorveglianza*).

From the date the *commissari liquidatori* and the *comitato di sorveglianza* have assumed their functions and in any case from the third day following the date of issue of the aforesaid decree of the Minister of economy and finance, the payment of any liabilities and the restitution of assets owned by third parties shall be suspended.

The *commissari liquidatori* shall act as legal representatives of the bank, exercise all actions that pertain to the bank and carry out all transactions concerning the liquidation of the bank's assets. The *comitato di sorveglianza* shall (i) assist the *commissari liquidatori* in exercising their functions, (ii) control the activities carried out by *commissari liquidatori*; and (iii) provide to the *commissari straordinari* the opinions requested by the law or by the Bank of Italy. The Bank of Italy may issue directives concerning the implementation of the procedure and establish that some categories of operations and actions shall be subject to its authorisation and to preliminary consultation with the *comitato di sorveglianza*.

The Banking Law regulates the procedure for the assessment of the bank's liabilities (*accertamento del passivo*), and the procedures which allow creditors whose claims have been excluded from the list of liabilities (*stato passivo*) to challenge the list of liabilities.

The liquidators, with the favourable opinion of the *comitato di sorveglianza* and subject to authorisation by the Bank of Italy, may assign assets and liabilities, going concerns, assets and legal relationships identifiable *en bloc*. Such assets may be assigned at any stage of the procedure, even before the *stato passivo* has been deposited. The assignor shall however be liable exclusively for the liabilities included in the *stato passivo*. Subject to prior authorisation of the Bank of Italy and for the purpose of maximising profits deriving from the liquidation of

the assets, the *commissari liquidatori* may continue the banks' activity or of specific going concerns of the bank, in compliance with any indications provided for by the *comitato di sorveglianza*. In such case the provision of the Bankruptcy Law concerning the termination of legal relationships shall not apply.

Once the assets have been realised and before the final allotment to the creditors or to the last restitution to customers, the *commissari liquidatori* shall present to the Bank of Italy the closing statement of accounts of the liquidation, the financial statement and the allotment plan, accompanied by their own report and a report by the oversight committee.

TERMS AND CONDITIONS OF THE OBG

*The following is the text of the terms and conditions of the OBG (the "**Conditions**" and, each of them, a "**Condition**"). In these Conditions, references to the "holder" of OBG and to the "OBG Holders" are to the ultimate owners of the OBG. The OBG will be held by Monte Titoli (as defined below) on behalf of the OBG Holders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. The OBG will at all times be in book entry form and title to the bonds will be evidenced by book entries with Monte Titoli in accordance with the provisions of (i) the Financial Services Act and (ii) the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as subsequently amended and supplemented from time to time.*

In addition, the relevant Final Terms in relation to any Series or Tranche of OBG may apply and/or disapply and/or complete the generally applicable Conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series of OBG (or Tranche thereof).

Any reference to the Conditions or a Condition shall be a reference to the Conditions as the context may require. Any reference to the OBG Holders shall be referred to the holders of the OBG.

Any reference to the OBG will be construed as to including the OBG issued under the Conditions.

1. Introduction

(a) *Programme*

Unicredit S.p.A. (the "**Issuer**") has established an OBG Programme (the "**Programme**") for the issuance of up to €25,000,000,000 in aggregate principal amount of *obbligazioni bancarie garantite* (the "**OBG**") guaranteed by UniCredit OBG S.r.l. (the "**OBG Guarantor**"). OBG are issued pursuant to Article 7-bis of Law No. 130 of 30 April 1999 (as amended, the "**Law 130**"), Decree of the Ministry for the Economy and Finance of 14 December 2006 No. 310 ("**MEF Decree**") and the supervisory instructions of the Bank of Italy set out in Part III, Chapter 3 of the "Disposizioni di Vigilanza per le Banche" (Circolare No. 285 of 17 December 2013), as amended and supplemented from time to time (the "**BoI OBG Regulations**").

(b) *Final Terms*

OBG are issued in series (each a "**Series**") and each Series may comprise one or more tranches, whether or not issued on the same date, that (except in respect of the Interest Commencement Date and their Issue Price) have identical terms on issue and are expressed to be consolidated and have the same Series number (each a "**Tranche**") of OBG. The Tranches are the subject of final terms (the "**Final Terms**") which complete these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche or more Tranches of OBG are these Conditions as completed by the relevant Final Terms. References

to the "**relevant Final Terms**" are to the Final Terms (or the relevant provisions thereof) pursuant to which the relevant Tranches are issued.

(c) *OBG Guarantee*

Each Series of OBG is the subject of a guarantee dated on or about the Initial Issue Date (the "**OBG Guarantee**") entered into by the OBG Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the OBG of all Series issued under the Programme. The OBG Guarantee will be collateralised by a portfolio constituted by certain assets assigned from time to time to the OBG Guarantor pursuant to the Master Transfer Agreement (as defined below) and in accordance with the provisions of the Law 130, the MEF Decree and the BoI OBG Regulations. The payment obligations of the OBG Guarantor under the OBG Guarantee are secured over certain assets of the OBG Guarantor pursuant to the Deed of Pledge.

(d) *Dealer Agreement and Subscription Agreement*

In respect of each Tranche of OBG issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the OBG and pay the Issuer the Issue Price for the OBG on the Issue Date under the terms of a Dealer Agreement dated on or about the Initial Issue Date (the "**Dealer Agreement**") between the Issuer, the OBG Guarantor and the dealer(s) named therein (the "**Dealers**"), as supplemented (if applicable) by a subscription agreement entered into between the Issuer, the OBG Guarantor and the Relevant Dealer(s) (as defined below) on or around the date of the relevant Final Terms (the "**Subscription Agreement**"). In the Dealer Agreement or such other document as may be agreed between the Issuer, the OBG Guarantor and the Relevant Dealer(s), the Relevant Dealer(s) has or have appointed Securitisation Services S.p.A. as representative of the OBG Holders (in such capacity, the "**Representative of the OBG Holders**"), as described in Condition 13 (Representative of the OBG Holders).

(e) *Master Definitions Agreement*

In a master definitions agreement dated on or about the Initial Issue Date (the "**Master Definitions Agreement**") between all the parties to each of the Transaction Documents (as defined below), the definitions of certain terms used in the Transaction Documents have been agreed.

(f) *The OBG*

Except where stated otherwise, all subsequent references in these Conditions to "OBG" are to the OBG which are the subject of the relevant Final Terms, but all references to "each Series of OBG" are to (i) the OBG which are the subject of the relevant Final Terms and (ii) each other Tranche of OBG issued under the Programme which remains outstanding from time to time.

(g) *Rules of the Organisation of OBG Holders*

The Rules of the Organisation of OBG Holders are attached to, and form an integral part of, these Conditions. References in these Conditions to the "**Rules of the Organisation of the OBG Holders**" include such rules as from time to time modified in accordance with the

provisions contained therein and any agreement or other document expressed to be supplemental thereto. The OBG Holders are deemed to have notice of and are bound by and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the OBG Holders. The rights and powers of the Representative of the OBG Holders and the OBG Holders may be exercised in accordance with these Conditions and the Rules of the Organisation of the OBG Holders.

(h) *Summaries*

Certain provisions of these Conditions are summaries of the Transaction Documents (as defined below) and are subject to their detailed provisions. OBG Holders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents applicable to them. Copies of the Transaction Documents are available for inspection by OBG Holders during normal business hours at the registered office of the Representative of the OBG Holders from time to time and, where applicable, at the Specified Offices of the Luxembourg Listing Agent and the Representative of the OBG Holders.

2. Interpretation

(a) *Definitions*

In these Conditions the following expressions have the following meanings:

"**Account Bank**" means UniCredit S.p.A., acting as such pursuant to the Cash Management and Agency Agreement and any successor thereof appointed in accordance with the Cash Management and Agency Agreement;

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Calculation Agent**" means Capital and Funding Solutions S.r.l., acting as such pursuant to the Cash Management and Agency Agreement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Administrative Service Provider**" means doBank S.p.A., having its registered office at Piazzetta Monte 1, Verona, Italy, in its capacity as administrative service provider under the Administrative Services Agreement;

"**Administrative Services Agreement**" means an administrative services agreement dated on or about 13 January 2012 between doBank S.p.A. as corporate servicer and the OBG Guarantor;

"**Amortisation Test**" means such test provided for under the Portfolio Administration Agreement;

"**Asset Monitor**" means BDO Italia S.p.A., acting as such pursuant to the Asset Monitor Agreement and any successor thereof appointed in accordance with the Asset Monitor Agreement;

"**Asset Monitor Agreement**" means the Asset Monitor Agreement entered into on or about the Initial Issue Date between, *inter alios*, the Asset Monitor and the Issuer;

"**Asset Monitor Report**" means the results of the tests conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered in accordance therewith;

"**Banking Law**" means Legislative Decree No. 385 of 1 September 1993, as amended;

"**Business Day**" means a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(iii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iv) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means UniCredit Bank AG, London branch, acting as such pursuant to the Cash Management and Agency Agreement and the Portfolio Administration Agreement and any successor thereof appointed in accordance with the Cash Management and Agency Agreement;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Cash Management and Agency Agreement**" means the cash management and agency agreement entered into on or about the Initial Issue Date between, inter alios, the OBG Guarantor, the Cash Manager, the Account Bank, the Servicer, the Administrative Service Provider, the Representative of the OBG Holders, the Calculation Agent, the Additional Calculation Agent and the Paying Agent;

"**Cash Manager**" means UniCredit S.p.A. acting as such pursuant to the Cash Management and Agency Agreement and any successor thereof appointed in accordance with the Cash Management and Agency Agreement;

"**Clearstream**" means Clearstream Banking, *société anonyme*, Luxembourg;

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any OBG for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an OBG Interest Period, the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

Day Count Fraction = $\frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction = $\frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

"**Deed of Pledge**" means the Italian law deed of pledge dated on or about the Initial Issue Date between the OBG Guarantor, the Representative of the OBG Holders and the Secured Creditors;

"**Early Redemption Amount**" means, in respect of any Series of OBG, the principal amount of such Series or such other amount as may be specified in the relevant Final Terms;

"**Early Redemption Amount (Tax)**" means, in respect of any Series of OBG, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Redemption Date**" means, as applicable, the Optional Redemption Date (Call), the Optional Redemption Date (Put) or the date on which any Series of OBG is to be redeemed pursuant to Condition 8(c) (Redemption for tax reasons);

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Extension Determination Date**" means the date falling 4 Business Days prior to the Maturity Date;

"**Extended Maturity Date**" means, in relation to any Series of OBG, the date to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred pursuant to Condition 8(b) (Extension of maturity) for a maximum period of 38 years following the Maturity Date;

"**Extraordinary Resolution**" has the meaning given in the Rules of the Organisation of OBG Holders attached to these Conditions;

"**Final Redemption Amount**" means, in respect of any Series of OBG, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms which, in respect of any Series of OBG other than Zero Coupon OBG, shall be equal to the nominal amount of the relevant OBG and wich in respect to Zero Coupon OBG shall be at least equal to the nominal amount of the relevant OBG;

"**First Series**" means the first Series of OBG issued by the Issuer under the Programme;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Guaranteed Amounts**" means, (i) prior to the service of a Guarantor Acceleration Notice, with respect to any Guarantor Payment Date, the sum of amounts equal to the Scheduled Interest and the Scheduled Principal, in each case, payable on that Guarantor Payment Date and all amounts payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, or (ii) after the service of a Guarantor Acceleration Notice, an amount equal to the relevant Early Redemption Amount plus all accrued and unpaid interest and all other amounts due and payable in respect of the OBG, including all Excluded Scheduled Interest Amounts and all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the OBG Guarantor under the Transaction Documents ranking senior to any payment due in respect to the OBG according to the applicable Priority of Payments, provided that any Guaranteed Amounts representing interest paid after the Maturity Date (or the Extended Maturity Date, as the case may be) shall be paid on such dates and at such rates as specified in the relevant Final Terms. The Guaranteed Amounts include any Guaranteed Amount that was timely paid by or on behalf of the Issuer to the OBG Holders to the extent it has been clawed back and recovered from the OBG Holders by the receiver or liquidator, in bankruptcy or other insolvency or similar official for the Issuer named or identified in the Order, and has not been paid or recovered from any other source (the "**Clawed Back Amounts**");

"**Guarantor Acceleration Notice**" means the notice to be served by the Representative of the OBG Holders on the OBG Guarantor upon occurrence of a Guarantor Event of Default;

"**Guarantor Event of Default**" has the meaning given to it in Condition 11(d) (Guarantor Events of Default);

"**Guarantor Payment Date**" means (i) before the occurrence of an Issuer Event of Default, 31 January, 30 April, 31 July and 31 October of each year, provided that the first Guarantor Payment Date will be 30 April 2012, (ii) following the occurrence of an Issuer Event of Default, the last day of each month starting from the calendar month immediately following the calendar month in which the Issuer Event of Default has occurred, subject in all instances to adjustment in accordance with the Modified Following Business Day Convention and (iii) following the occurrence of a Guarantor Event of Default, each Business Day;

"**Initial Issue Date**" means the date on which the Issuer will issue the first Series of OBG;

"**Insolvency Event**" means, in respect of any company or corporation, that:

(i) such company or corporation has become subject to any applicable bankruptcy, liquidation, receivership, administration, insolvency or composition with creditors or insolvent reorganisation (including, without limitation, *fallimento*, *liquidazione coatta amministrativa*, *concordato preventivo*, *accordi di ristrutturazione* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding-up, insolvent reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors)) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than, in the case of the OBG Guarantor, any portfolio of assets purchased by the OBG Guarantor for the purposes of further programme of issuance of OBG), unless in the opinion of the Representative of the OBG Holders (who may rely on the advice of legal advisers selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the OBG Holders (who may rely on the advice of legal advisers selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the OBG Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under

Article 2484 of the Italian Civil Code occurs with respect to such company or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation, merger, corporate reorganisation or reconstruction, the terms of which have been previously approved in writing by the Representative of the OBG Holders); or

(v) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"**Intercreditor Agreement**" means the agreement entered into on or about the Initial Issue Date between, *inter alios*, the OBG Guarantor, the Representative of the OBG Holders, the Seller, the Servicer, the Issuer, the Subordinated Loan Provider, the Account Bank, the Administrative Service Provider, the Asset Monitor, the Cash Manager and the Paying Agent;

"**Interest Amount**" means, in relation to any Series of OBG and an OBG Interest Period, the amount of interest payable in respect of that Series for that OBG Interest Period;

"**Interest Commencement Date**" means the Issue Date of the relevant Series of OBG or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Investors Report Date**" means 7 calendar days after each Guarantor Payment Date;

"**Investors Report**" means the report prepared in accordance with the Cash Management and Agency Agreement setting out certain information with respect to the Portfolio and the OBG;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as amended, supplemented and updated as at the date of issue of the first Tranche of the OBG of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Issue Price**" the issue price specified, in respect of any Tranche, in the relevant Final Terms;

"**Issuer Event of Default**" has the meaning given to it in Condition 11(a) (Issuer Events of Default);

"**Mandatory Tests**" means such tests provided for under the MEF Decree as set out in the Portfolio Administration Agreement;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Master Transfer Agreement**" means the master transfer agreement entered into between the OBG Guarantor and the Seller on 13 January 2012;

"**Maturity Date**" means, with reference to each Series of OBG, the OBG Payments Date, indicated in the relevant Final Terms, on which such Series or Tranche of OBG will be redeemed at their principal amount outstanding, unless otherwise extended in accordance with the Conditions;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms; "Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"**Monte Titoli**" means Monte Titoli S.p.A.;

"**Monte Titoli Account Holders**" means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System);

"**Negative Report**" means each of the report to be delivered by the Calculation Agent under the Portfolio Administration Agreement in case of breach of the Mandatory Tests, the Over-Collateralisation Test or the Amortisation Test, as the case may be;

"**Notice to Pay**" means the notice to be delivered by the Representative of the OBG Holders to the Issuer and the OBG Guarantor upon the occurrence of an Issuer Event of Default;

"**OBG Holders**" means the holders from time to time of OBG, title to which is evidenced in the manner described in Condition 3 (Form, Denomination and Title);

"**OBG Interest Period**" means each period beginning on (and including) an Interest Commencement Date or, in respect of any OBG Interest Period other than the first OBG Interest Period of each Series or Tranche, any OBG Payment Date and ending on (but excluding) the next OBG Payment Date, provided that the initial OBG Interest Period of the First Series or Tranche shall begin on (and include) the Initial Issue Date and end on (but exclude) the first OBG Payment Date;

"**OBG Payment Date**" means any date specified as such in, or determined in accordance with the provisions of, the relevant Final Terms, provided however that each OBG Payment Date must also be a Guarantor Payment Date and subject in each case, to the extent provided in the relevant Final Terms, to adjustment in accordance with the applicable Business Day Convention;

"**Official Gazette**" means *Gazzetta Ufficiale della Repubblica Italiana*;

"**Optional Redemption Amount (Call)**" means, in respect of any Series of OBG, the principal amount of such Series or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Series of OBG, the principal amount of such Series or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms, in respect of the relevant Series of OBG;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms, in respect of the relevant Series of OBG;

"**Organisation of the OBG Holders**" means the organisation of the OBG Holders created by the issue and subscription of OBG and regulated by the Rules of the Organisation of the OBG Holders;

"**Over-Collateralisation Test**" means the test providing a minimum level of over collateralisation as defined and calculated pursuant to the Portfolio Administration Agreement;

"**Pass-Through OBG**" means any Series of OBG in respect of which:

(a) the Issuer fails to repay in whole or in part the relevant Final Redemption Amount on the applicable Maturity Date and a Notice to Pay has been served on the OBG Guarantor; and

(b) the OBG Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of such Series of OBG as set out in the relevant Final Terms on the Maturity Date;

"**Paying Agent**" means BNP Paribas Securities Services, Milan branch, acting as such pursuant to a letter of appointment entered into with the Issuer and pursuant to the Cash Management and Agency Agreement and any successor thereof appointed in accordance with the Cash Management and Agency Agreement;

"**Payment Business Day**" means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre;

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

"**Place of Payment**" means, in respect of any OBG Holders, the place at which such OBG Holder receives payment of interest or principal on the OBG;

"**Portfolio**" means the whole portfolio of Assets and the Integration Assets, which include the Initial Portfolio and any New Portfolio, transferred to the OBG Guarantor pursuant to the Master Transfer Agreement;

"**Portfolio Administration Agreement**" means the portfolio administration agreement dated on or about the Initial Issue Date between the Issuer, the OBG Guarantor, the Seller, the Representative of the OBG Holders, the Cash Manager, the Calculation Agent and the Asset Monitor;

"**Post-Guarantor Event of Default Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**Post-Issuer Event of Default Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**Pre-Issuer Event of Default Interest Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**Pre-Issuer Event of Default Principal Priority**" has the meaning ascribed to such expression in the Intercreditor Agreement;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Paying Agent;

"**Priority of Payments**" means, collectively, the Pre-Issuer Event of Default Principal Priority of Payment, the Pre-Issuer Event of Default Interest Priority of Payment, the Post-Issuer Event of Default Priority of Payment and the Post-Guarantor Event of Default Priority of Payments or any one of them as the context requires;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any OBG Holder wanting to exercise a right to redeem OBG at the option of the OBG Holder;

"**Put Option Receipt**" means a receipt issued by the Paying Agent to a depositing OBG Holder upon deposit of OBG with such Paying Agent by any OBG Holder wanting to exercise a right to redeem OBG at the option of the OBG Holder;

"**Quotaholders' Agreement**" means the agreement entered into on or about the Initial Issue Date between SVM Securitisation Vehicles Management S.r.l. (as quotaholder of the OBG Guarantor, holding 40 per cent. of the share capital) and UniCredit S.p.A. (as quotaholder of the OBG Guarantor, holding 60 per cent. of the share capital);

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Tranche of OBG specified in the relevant Final Terms or calculated or determined in accordance with the provisions of the Conditions and/or the relevant Final Terms;

"**Rating Agency**" or "**Moody's**" means Moody's Investors Service , or its successor, to the extent that at the relevant time it provides ratings in respect of the then outstanding OBG;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Paying Agent in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Regular Period**" means:

(i) in the case of OBG where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first OBG Payment Date and each successive period from and including one OBG Payment Date to but excluding the next OBG Payment Date;

(ii) in the case of OBG where, apart from the first OBG Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any OBG Payment Date falls; and

(iii) in the case of OBG where, apart from one OBG Interest Period other than the first OBG Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any OBG Payment Date falls other than the OBG Payment Date falling at the end of the irregular OBG Interest Period;

"**Relevant Clearing System**" means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the OBG may be made;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the OBG Holders;

"**Relevant Dealer(s)**" means, in relation to a Tranche, the Dealer(s) which is/are party to any agreement (whether oral or in writing) entered into with the Issuer and the OBG Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Tranche pursuant to the Dealer Agreement;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Scheduled Due for Payment Date**" means any date on which the Scheduled Payment Date in respect of the relevant Guaranteed Amounts is reached up to and including the relevant Extended Maturity Date, provided that the first Scheduled Payment Date immediately after the occurrence of an Issuer Event of Default, shall be the later of (i) the day which is two Business Days following service of the Notice to Pay on the OBG Guarantor and (ii) the relevant Scheduled Payment Date.

"**Scheduled Interest**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on

such OBG Payment Date as specified in the Conditions falling on or after service of a Notice to Pay on the OBG Guarantor (but excluding any additional amounts relating to premiums, default interest or interest upon interest, which are hereinafter referred to as the "**Excluded Scheduled Interest Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of interest which would have been due and payable under the OBG on each OBG Payment Date as specified in the Conditions falling on or after the service of a Guarantor Acceleration Notice and including such Excluded Scheduled Interest Amounts (whenever the same arose), less any additional amounts the Issuer would be obliged to pay as result of any gross-up in respect of any withholding or deduction made under the circumstances set out in the Conditions;

"**Scheduled Payment Date**" means, in relation to payments under the OBG Guarantee, each OBG Payment Date;

"**Scheduled Principal**" means in respect of each OBG Payment Date (i) following an Issuer Event of Default and the service of a Notice to Pay on the OBG Guarantor, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on such OBG Payment Dates or the Maturity Date (as the case may be) as specified in the Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties or premiums, which are hereinafter referred to as the "**Excluded Scheduled Principal Amounts**") payable by the Issuer and (ii) following the service of a Guarantor Acceleration Notice, an amount equal to the amount in respect of principal which would have been due and repayable under the OBG on each OBG Payment Dates or the Maturity Date (as the case may be) as specified in the Conditions and including such Excluded Scheduled Principal Amounts (whenever the same arose);

"**Seller**" means UniCredit S.p.A. in its capacity as such pursuant to the Master Transfer Agreement;

"**Servicer**" means UniCredit S.p.A. in its capacity as such pursuant to the Servicing Agreement;

"**Servicing Agreement**" means the servicing agreement entered into on 13 January 2012 between the OBG Guarantor and the Servicer;

"**Specified Denomination(s)**" means €100,000 and integral multiples of €1,000 in excess thereof or such other higher denomination as may be specified in the applicable Final Terms;

"**Specified Office**" means:

(i) in the case of the Paying Agent, Piazza Lina Bo Bardi 3, 20124, Milan, Italy; or

(ii) in the case of the Luxembourg Listing Agent, any Calculation Agent or the Representative of the OBG Holders, the offices specified in the relevant Final Terms,

or, in each case, such other office in the same city or town as such Agent may specify by notice to the Issuer and the other parties to the Agency Agreement in the manner provided therein;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subordinated Loan Agreement**" means the subordinated loan agreement entered into on 13 January 2012 between the Subordinated Loan Provider and the OBG Guarantor;

"**Subordinated Loan Provider**" means the Seller, in its capacity as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

"**Subsidiary**" has the meaning given to it in Article 2359 of the Italian Civil Code;

"**TARGET Settlement Day**" means any day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is open for the settlement of payments in Euro;

"**Transaction Documents**" means, in respect of each Tranche, these Conditions, the relevant Final Terms, the OBG Guarantee, the Dealer Agreement, the relevant Subscription Agreement (if any), the Master Transfer Agreement, the Warranty and Indemnity Agreement, the Subordinated Loan Agreement, the Servicing Agreement, the Cash Management and Agency Agreement, the Portfolio Administration Agreement, the Asset Monitor Agreement, the Intercreditor Agreement, the Administrative Services Agreement, the Quotaholder's Agreement, the Deed of Pledge and any document or agreement which supplement, amend or restate the content of any of the above mentioned documents and any other document designated as such by the Issuer, the OBG Guarantor and the Representative of the OBG Holders;

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into between the Seller and the OBG Guarantor on 13 January 2012; and

"**Zero Coupon OBG**" means an OBG specified as such in the relevant Final Terms.

(a) *Interpretation*

In these Conditions:

(i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 10 (Taxation), any premium payable in respect of a Series of OBG and any other amount in the nature of principal payable pursuant to these Conditions;

(ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 10 (Taxation) and any other amount in the nature of interest payable pursuant to these Conditions;

(iii) if an expression is stated in Condition 2(a) (Definitions) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the OBG;

(iv) any reference to a Transaction Document shall be construed as a reference to such Transaction Document, as amended and/or supplemented;

(v) any reference to a party to a Transaction Document (other than the Issuer and the OBG Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Transaction Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Tranche only; and

(vi) any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. Form, Denomination and Title

The OBG are in the Specified Denomination(s), which may include a minimum denomination and higher integral multiples of a smaller amount, in each case as specified in the relevant Final Terms. The currency of denomination of the OBG will be the Euro. The OBG will be issued in bearer form and in dematerialised form (*emesse in forma dematerializzata*) and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in Article 83-*quater* of such legislative decree. The OBG will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of Article 83-bis of Italian legislative decree No. 58 of 24 February 1998, as amended, and the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as amended and supplemented from time to time. The OBG will be held by Monte Titoli on behalf of the OBG Holders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. No physical documents of title will be issued in respect of the OBG. The rights and powers of the OBG Holders may only be exercised in accordance with the Rules of the Organisation of the OBG Holders.

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the OBG Holders, the OBG Guarantor and the Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Monte Titoli Account Holder, whose account is at the relevant time credited with an OBG, as the absolute owner of such OBG for the purposes of payments to be made to the holder of such OBG (whether or not the OBG is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the OBG or any notice of any previous loss or theft of the OBG) and shall not be liable for doing so.

4. Status and Guarantee

(a) *Status of the OBG*

The OBG constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any

applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the OBG Holders will be collected by the OBG Guarantor on their behalf.

(b) *Status of the OBG Guarantee*

The payment of Guaranteed Amounts in respect of each Series of OBG when due for payment will be unconditionally and irrevocably guaranteed by the OBG Guarantor in accordance with the OBG Guarantee and these Conditions. The payment obligations of the OBG Guarantor under the OBG Guarantee constitute direct and unconditional obligations of the OBG Guarantor, recourse in respect of which is limited in the manner described in Condition 16 (Limited Recourse and non-Petition). The payment obligations of the OBG Guarantor under the OBG Guarantee are secured over certain assets of the OBG Guarantor pursuant to the Deed of Pledge. The OBG Holders acknowledge that the limited recourse nature of the OBG Guarantor under the OBG Guarantee produces the effects of a *contratto aleatorio* under Italian law and they accept the consequences thereof, including, but not limited to, the provisions of Article 1469 of the Italian Civil Code.

(c) *Priority of Payments*

Amounts due from the OBG Guarantor pursuant to the OBG Guarantee shall be paid in accordance with the Priority of Payments, as set out in the Intercreditor Agreement.

5. Fixed Rate Provisions

(a) *Application*

This Condition 5 is applicable to the OBG only if the "Fixed Rate Provisions" are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*

The OBG bear interest on their outstanding nominal principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest payable, such interest being payable in arrear on each OBG Payment Date, subject as provided in Condition 9 (Payments). Each OBG will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 until whichever is the earlier of (i) the day on which all sums due in respect of such OBG up to that day are received by or on behalf of the relevant OBG Holder and (ii) the day which is seven days after the Paying Agent has notified the OBG Holders that it has received all sums due in respect of the OBG up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount*

The amount of interest payable in respect of each OBG for any OBG Interest Period shall be the relevant Fixed Coupon Amount and, if the OBG are in more than one Specified

Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount*

The amount of interest payable in respect of each OBG for any period for which a Fixed Coupon Amount is not specified shall be calculated by the Paying Agent(or failing the Paying Agent, by the Representative of the OBG Holders) by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such OBG divided by the Calculation Amount. For this purpose a "sub-unit" means one cent of euro.

6. Floating Rate

(a) *Application*

This Condition 6 is applicable to the OBG only if the "Floating Rate Provisions" are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest*

The OBG bear interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each OBG Payment Date, subject as provided in Condition 9 (Payments). Each OBG will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 until whichever is the earlier of (i) the day on which all sums due in respect of such OBG up to that day are received by or on behalf of the relevant OBG Holder and (ii) the day which is seven days after the Paying Agent has notified the OBG Holders that it has received all sums due in respect of the OBG up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination*

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the OBG for each OBG Interest Period will be determined by the Paying Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Paying Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Paying Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Paying Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Paying Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Paying Agent) quoted by major banks in the Principal Financial Centre of the euro, selected by the Paying Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the euro) on the first day of the relevant OBG Interest Period for loans in euro to leading European banks for a period equal to the relevant OBG Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such OBG Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Paying Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any OBG Interest Period, the Rate of Interest applicable to the OBG during such OBG Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the OBG in respect of a preceding OBG Interest Period.

(d) *ISDA Determination*

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the OBG for each OBG Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any OBG Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Paying Agent under an interest rate swap transaction if the Paying Agent were acting as Paying Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a

currency, the first day of that OBG Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) *Calculation of Interest Amount*

The Paying Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each OBG Interest Period, calculate the Interest Amount payable in respect of each OBG for such OBG Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such OBG Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant OBG divided by the Calculation Amount. For this purpose a "sub-unit" means one cent of euro.

(g) *Calculation of other amounts*

If the relevant Final Terms specifies that any other amount is to be calculated by the Paying Agent, then the Paying Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Paying Agent in the manner specified in the relevant Final Terms.

(h) *Publication*

The Paying Agent shall cause each Rate of Interest and Interest Amount determined by it, together with the relevant OBG Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agent and each competent authority, stock exchange and/or quotation system (if any) by which the OBG have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and OBG Payment Date) in any event not later than the first day of the relevant OBG Interest Period. Notice thereof shall also promptly be given to the OBG Holders. The Paying Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant OBG Interest Period, provided that it shall immediately notify the Paying Agent thereof. If the Paying Amount is less than the minimum Specified Denomination, the Paying Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a OBG having the minimum Specified Denomination.

(i) *Notifications etc*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Paying Agent will (in the absence of manifest error) be final binding on the Issuer, the OBG Guarantor, the

Paying Agent, the OBG Holders and (subject as aforesaid) no liability to any such Person will attach to the Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes, save for the case of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)of the Paying Agent.

(j) *Failure by the Paying Agent*

If the Paying Agent fails to make the relevant calculations in accordance with this Condition, the Representative of the OBG Holders shall make the relevant calculation in place of the Paying Agent and shall notify the same to all the relevant parties in accordance with these Conditions. The Representative of the OBG Holders shall not incur in any liability for such activities except in the case of its wilful misconduct (*dolo*) or gross negligence (*colpa grave*).

7. Zero Coupon Provisions

(a) *Application*

This Condition 7 is applicable to the OBG only if the "Zero Coupon Provisions" are specified in the relevant Final Terms as being applicable.

(b) *Late payment on Zero Coupon OBG*

If the Redemption Amount payable in respect of any Zero Coupon OBG is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such OBG up to that day are received by or on behalf of the relevant OBG Holder and (ii) the day which is seven days after the Paying Agent has notified the OBG Holders that it has received all sums due in respect of the OBG up to such seventh day (except to the extent that there is any subsequent default in payment).

8. Redemption and Purchase

(a) *Scheduled redemption*

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 8, if redemption by instalments is specified as applicable in the relevant Final Terms for a Series of OBG, each such shall be partially redeemed on each instalment date at the related instalment amount specified in the relevant Final Terms. The outstanding nominal amount of each such OBG shall be reduced by the instalment amount (or, if such instalment amount is calculated by reference to a proportion of the nominal amount of such OBG, such proportion) for all purposes with effect from the related instalment date, unless payment of the instalment amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the date on which payment in full of the instalment amount outstanding is made.

(ii) Unless previously redeemed, purchased and cancelled as provided below, the OBG will be redeemed on the Maturity Date at their Final Redemption Amount, or in the case of OBG falling withing paragraph (i) above at their final instalment amount, subject as provided in Condition 8(b) (Extension of maturity) and Condition 9 (Payments).

(b) *Extension of maturity*

Without prejudice to Condition 11 (Events of Default), if the Issuer fails to pay (in whole or in part) the Final Redemption Amount in respect of a Series of OBG on the applicable Maturity Date specified in the relevant Final Terms and, the OBG Guarantor or the Calculation Agent on its behalf determines on the date falling on the Extension Determination Date that the OBG Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of OBG, then (subject as provided below), payment of the unpaid amount by the OBG Guarantor under the OBG Guarantee shall be deferred automatically until the applicable Extended Maturity Date and the relevant Series of OBG shall become Pass-Through OBG provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Pass-Through OBG after the Maturity Date may be paid by the OBG Guarantor on any OBG Payment Date thereafter up to (and including) the relevant Extended Maturity Date for such Pass-Through OBG. The OBG Guarantor shall give notice to the holders of the OBG (in accordance with Condition 17 (Notices) of the event that a Series of OBG has become a Pass-Through OBG.

The Issuer shall confirm to the Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date as to whether payment of the Final Redemption Amount in respect of the relevant Series of OBG will or will not be made in full on that Maturity Date. Any failure by the Issuer to notify the Paying Agent shall not affect the validity or effectiveness of the extension.

The OBG Guarantor shall notify the relevant holders of the OBG (in accordance with Condition 17 (Notices), the Rating Agency the Representative of the OBG Holders and the Paying Agent as soon as reasonably practicable and in any event at least four Business Day prior to the Maturity Date of any inability of the OBG Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the OBG pursuant to the OBG Guarantee. Any failure by the OBG Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the OBG Guarantor shall on the Maturity Date, pursuant to the OBG Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or pari passu amounts in accordance with the relevant Priority of Payments) pro rata in part payment of an amount equal to the Final Redemption Amount in respect of the relevant Pass-Through OBG and shall pay the Guaranteed Amounts constituting interest in respect of each such Pass-Through OBG on such date. The obligation

of the OBG Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

Interest will continue to accrue on any unpaid amount in respect of the Pass-Through OBG during such extended period and be payable on each Guarantor Payment Date following the Maturity Date up to the Extended Maturity Date (inclusive).

(c) *Redemption for tax reasons*

The OBG may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if the Floating Rate Provisions are not specified in the relevant Final Terms as being applicable); or

(ii) on any OBG Payment Date (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable);

on giving not less than 30 nor more than 60 days' notice to the OBG Holders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued but unpaid (if any) to the date fixed for redemption, if:

(A) the Issuer gives satisfactory evidence to the Representative of the OBG Holders immediately before the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (Taxation) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the OBG; and

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

provided, however, that no such notice of redemption shall be given earlier than:

1. where the OBG may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the OBG were then due; or

2. where the OBG may be redeemed only on an OBG Payment Date, 60 days prior to the OBG Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the OBG were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent and the Representative of the OBG Holders (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay

such additional amounts as a result of such change or amendment and (C) a certificate signed by two directors of the Issuer stating that the Issuer shall have the amounts necessary in order to effect the early repayment at the date fixed for the redemption. Upon the expiry of any such notice as is referred to in this Condition 8(c), the Issuer shall be bound to redeem the OBG in accordance with this Condition 8(c).

(d) *Redemption at the option of the Issuer*

If the "Call Option" is specified in the relevant Final Terms as being applicable, the OBG may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) together with interest accrued but unpaid (if any) on the Issuer's giving (i) not less than 7 nor more than 30 days' notice to the OBG Holders and (ii) not less than 7 days before the giving of the notice referred to in (i), notice to the Representative of the OBG Holders and the Paying Agent, (which notices shall be irrevocable and shall oblige the Issuer to redeem the OBG on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued (but unpaid) interest (if any) to such date). Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent and the Representative of the OBG Holders a certificate signed by two directors of the Issuer stating that the Issuer shall have the amounts necessary in order to effect the early repayment at the date fixed for the redemption.

(e) *Partial redemption*

If the OBG are to be redeemed in part only on any date in accordance with Condition 8(d) (Redemption at the option of the Issuer), the OBG to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and the OBG will be so redeemed in accordance with the rules and procedures of Monte Titoli and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the OBG have then been admitted to listing, trading and/or quotation. The notice to OBG Holders referred to in Condition 8(d) (Redemption at the option of the Issuer) shall specify the proportion of the OBG so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(f) *Redemption at the option of OBG Holders*

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any OBG Holder redeem such OBG held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued, but unpaid, to such date. In order to exercise the option contained in this Condition 8(f), the OBG Holder must, not less than 15 or more than 30 days before the relevant Optional Redemption Date (Put), deposit with the Paying Agent a duly completed Put Option Notice in the form obtainable from any Paying

Agent. The Paying Agent with which a Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the depositing OBG Holder. Once deposited in accordance with this Condition 8(f), no duly completed Put Option Notice may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any OBG become immediately due and payable or, upon due presentation of any such OBG on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall notify thereof the OBG Holder at such address as may have been given by such OBG Holder in the relevant Put Option Notice and shall hold such OBG blocked in the records of the relevant Monte Titoli Account Holder, relevant clearing system or relevant custodian (as applicable), against surrender of the relevant Put Option Receipt. For so long as any outstanding OBG are held blocked by the Paying Agent in accordance with this Condition 8(f), the OBG Holder and not the Paying Agent shall be deemed to be the holder of such OBG for all purposes.

(g) *No other redemption*

The Issuer shall not be entitled to redeem the OBG otherwise than as provided in Conditions 8(a) (Scheduled redemption) to (f) (Redemption at the option of OBG Holders) above.

(h) *Early redemption of Zero Coupon OBG*

The Redemption Amount payable on redemption of a Zero Coupon OBG at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the OBG become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 8(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) *Cancellation*

All OBG so redeemed by the Issuer shall be cancelled and may not be reissued or resold.

(j) *Purchase*

The Issuer or any of its Subsidiaries (other than the OBG Guarantor) may at any time purchase OBG in the open market or otherwise and at any price. Such OBG may be held, resold or, at the option of the Issuer, cancelled or, as applicable, at the option any of its Subsidiaries (other than the OBG Guarantor), surrendered to the Issuer for cancellation. The OBG Guarantor shall not purchase any OBG at any time.

9. Payments

(a) *Payments through clearing systems*

Payment of interest and repayment of principal in respect of the OBG will be credited, in accordance with the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer or the OBG Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those OBG and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those OBG or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those OBG, in accordance with the rules and procedures of Monte Titoli and of the Relevant Clearing Systems, as the case may be.

(b) *Payments subject to fiscal laws*

All payments in respect of the OBG are subject in all cases to any applicable fiscal or other laws, directives and regulations in the place of payment or other laws to which the Issuer, the OBG Guarantor or their agents agree to be subject and neither Issuer nor the OBG Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 10 (Taxation). No commissions or expenses shall be charged to OBG Holders in respect of such payments.

(c) *Payments on business days*

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

10. Taxation

(a) *Gross up by Issuer*

All payments of principal and interest in respect of the OBG by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as shall be necessary in order that the net amounts received by the OBG Holders after such withholding or deduction of such amounts shall be equal to the respective amounts which would otherwise have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any OBG:

(i) in respect to any payment or deduction of any interest or principal for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Legislation Decree No. 239 of 1 April 1996, as amended ("**Decree No. 239**") with respect to any OBG and in all circumstances in which the procedures set forth in Decree No 239 have not been

met or complied with except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or

(ii) held by or on behalf of an OBG Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such OBG by reason of it having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the OBG; or

(iii) held by or on behalf of an OBG Holder who is entitled to avoid such withholding or deduction in respect of such OBG by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non/residence or other similar claim for exemption; or

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

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

(vi) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or European Council Directive 2014/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(vii) in respect of any OBG where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983 as amended from time to time; or

(viii) held by or on behalf of an OBG Holder who would have been able to avoid such withholding or deduction by presenting the relevant OBG to another Paying Agent in a Member State of the EU.

For the avoidance of doubt, if an amount were to be deducted or withheld from interest, principal or other payments on the OBGs as a result of an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**"), none of the Issuer, the OBG Guarantor, any paying agent or any other person would, pursuant to the terms and conditions of the OBGs be required to pay additional amounts as a result of the deduction or withholding.

(b) *Taxing jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction. For the avoidance of doubt, for the purposes of this paragraph (b), the Issuer will not be considered to become subject to the taxing jurisdiction of the United States should the Issuer be required to withhold amounts in respect any withholding tax imposed by the United States on any payments the Issuer makes.

(c) *No Gross-up by the OBG Guarantor*

If withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the OBG Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the OBG Holders, as the case may be, and shall not be obliged to pay any additional amounts to the OBG Holders.

11. Events of default

(a) *Issuer Event of Default*

If any of the following events (each, an "**Issuer Event of Default**") occurs and is continuing:

(i) Non-payment: Default is made by the Issuer for a period of 7 days or more in the payment of any principal or redemption amount, or for a period of 14 days or more in the payment of any interest on the OBG of any Series when due; or

(ii) Breach of other obligation: The Issuer has incurred into a material default in the performance or observance of any of its obligations under or in respect of the OBG (of any Series outstanding) or any of the Transaction Documents to which it is a party (other than any obligation for the payment of principal or interest on the OBG) and (except where, in the opinion of the Representative of the OBG Holders, such default is not capable of remedy in which case no notice will be required), such default remains unremedied for 30 days after the Representative of the OBG Holders has given written notice thereof to the Issuer, certifying that such default is, in its opinion, materially prejudicial to the interests of the OBG Holders and specifying whether or not such default is capable of remedy; or

(iii) Insolvency: An Insolvency Event occurs with respect to the Issuer; or

(iv) Tests: The Mandatory Tests or Over-Collateralisation Test are breached and not cured within 1 month following the delivery by the Calculation Agent of a Negative Report as confirmed by the Asset Monitor Report;

(v) Suspension of Payments: A resolution pursuant to Article 74 of the Banking Law is issued in respect of the Issuer

(b) *Effect of an Issuer Event of Default*

If an Issuer Event of Default occurs the Representative of the OBG Holders will promptly serve the Notice to Pay on the OBG Guarantor, declaring that an Issuer Event of Default has

occurred and specifying, in case of the Issuer Event of Default referred to under point (v) above, that the Issuer Event of Default may be of temporary nature.

(c) *Effect of a Notice to Pay*

Upon service of a Notice to Pay to the Issuer and the OBG Guarantor:

(i) No further Series of OBG: the Issuer may not issue any further Series of OBG;

(ii) Acceleration against the Issuer: Each series of OBG will accelerate against the Issuer and they will rank pari passu amongst themselves against the Issuer, provided that (i) such events shall not trigger an acceleration against the OBG Guarantor, (ii) in accordance with Article 4, Para. 3, of the MEF Decree, the OBG Guarantor shall be solely responsible for the exercise of the rights of the OBG Holders vis-à-vis the Issuer and (iii) in case of the Issuer Event of Default referred to under point (iv) above (x) the OBG Guarantor, in accordance with the MEF Decree, shall be responsible for the payments of the amounts due and payable under the OBG within the suspension period and (y) upon the end of the suspension period the Issuer shall be responsible for meeting the payment obligations under the OBG (and for the avoidance of doubts, the OBG then outstanding will not be deemed to be accelerated against the Issuer);

(iii) Enforcement: in accordance with Article 4, Para. 3, of the MEF Decree, the OBG Guarantor shall be solely responsible, at its discretion and without further notice, to take such steps and/or institute such proceedings (also acting through the Representative of the OBG Holders) against the Issuer as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the OBG Holders;

(iv) OBG Guarantee: Without prejudice to paragraph (i) above, interest and principal falling due on the OBG will be payable by the OBG Guarantor at the time and in the manner provided under these Conditions, subject to and in accordance with the terms of the OBG Guarantee and the relevant Priority of Payments to creditors set out in the Intercreditor Agreement;

(v) Tests: The Mandatory Tests shall continue to be applied and the Amortisation Test shall apply;

(vi) Disposal of Assets: the OBG Guarantor shall sell the Assets and Integration Assets included in the portfolio in accordance with the provisions of the Portfolio Administration Agreement;

provided that, in case of the Issuer Event of Default referred to under item (v) (Suspension of payments) above, the effects listed in items (i) (No further Series of OBG), (iv) (OBG Guarantee) and (vi) (Disposal of Assets) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Banking Law will be in force and effect (the "**Suspension Period**"). Accordingly (A) the OBG Guarantor, in accordance with MEF Decree, shall be responsible for the payments of the amounts due and payable under the OBG during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be

again responsible for meeting the payment obligations under the OBG (and for the avoidance of doubts, the OBG then outstanding will not be deemed to be accelerated against the Issuer).

(d) *Guarantor Events of Default*

If any of the following events (each, an "**Guarantor Event of Default**") occurs and is continuing:

(i) Non-payment: non payment of principal and interest due in respect of the relevant Series of OBG in accordance with the OBG Guarantee, subject to a period of 8 days cure period in respect of principal or redemption amount and a 15 days cure period in respect of interest payment;

(ii) Insolvency: An Insolvency Event occurs with respect to the OBG Guarantor; or

(iii) Breach of other obligation: A breach of the obligations of the OBG Guarantor under the Transaction Documents (other than (d)(i) above) occurs which breach is incapable of remedy or, if in the opinion of the Representative of the OBG Holders capable of remedy, is not in the opinion of the Representative of the OBG Holders remedied within 30 days after notice of such breach shall have been given to the OBG Guarantor by the Representative of the OBG Holders; or

(iv) Breach of Amortisation Test: The Amortisation Test is breached according to a Negative Report issued by the Calculation Agent as confirmed by the Asset Monitor Report;

then the Representative of the OBG Holders

(a) in cases under (i), (ii) and (iv) above, may but shall, if so directed by an Extraordinary Resolution of the OBG Holders, and

(b) in case under (iii) above, shall, if so directed by an Extraordinary Resolution of the OBG Holders

serve a Guarantor Acceleration Notice on the OBG Guarantor.

(e) *Effect of a Guarantor Acceleration Notice*

Upon service of a Guarantor Acceleration Notice upon the OBG Guarantor:

(i) Acceleration of OBG: The OBG (including, for the avoidance of doubt, the Pass-Through OBG) shall become immediately due and payable at their Early Redemption Amount together, if appropriate, with any accrued interest;

(ii) OBG Guarantee: Subject to and in accordance with the terms of the OBG Guarantee, the Representative of the OBG Holders, on behalf of the OBG Holders, shall have a claim against the OBG Guarantor for an amount equal to the Early Redemption Amount, together with accrued interest and any other amount due under the OBG (including, for the avoidance of doubt, the Pass-Trhough OBG) (other than additional amounts payable under Condition 10(a) (Gross up)) in accordance with the relevant Priority of Payments to creditors set out in the Intercreditor Agreement; and

(iii) Enforcement: The Representative of the OBG Holders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer or the OBG Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the OBG Holders.

(f) *Determinations, etc*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 11 by the Representative of the OBG Holders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the OBG Guarantor and all OBG Holders and (in such absence as aforesaid) no liability to the OBG Holders, the Issuer or the OBG Guarantor shall attach to the Representative of the OBG Holders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

12. Prescription

Claims for payment under the OBG shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

13. Representative of the OBG Holders

(a) *Organisation of the OBG Holders*

The Organisation of the OBG Holders shall be established upon, and by virtue of, the issuance of the OBG and shall remain in force and in effect until repayment in full or cancellation of the OBG. Pursuant to the Rules of the Organisation of the OBG Holders, for as long as the OBG are outstanding, there shall at all times be a Representative of the OBG Holders. The appointment of the Representative of the OBG Holders as legal representative of the Organisation of the OBG Holders is made by the OBG Holders subject to and in accordance with the Rules of the Organisation of the OBG Holders.

(b) *Initial appointment*

In the Dealer Agreement the Relevant Dealer(s) has or have appointed the Representative of the OBG Holders to perform the activities described in the Dealer Agreement, in these Conditions (including the Rules of the Organisation of OBG Holders), in the Intercreditor Agreement and in the other Transaction Documents, and the Representative of the OBG Holders has accepted such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the OBG have been cancelled or redeemed in accordance with these Conditions.

(c) *Acknowledgment by OBG Holders*

Each OBG Holder, by reason of holding OBG:

(i) recognises the Representative of the OBG Holders as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from

time to time by the Representative of the OBG Holders in such capacity as if such OBG Holder were a signatory thereto; and

(ii) acknowledges and accepts that the Relevant Dealer(s) shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the OBG Holders as a result of the performance by the Representative of the OBG Holders of its duties or the exercise of any of its rights under the Transaction Documents.

14. Agents

In acting under the Cash Management and Agency Agreement and in connection with the OBG, the Paying Agent act solely as agent of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the OBG Holders.

Following service of a Notice to Pay or a Guarantor Acceleration Notice, in acting under the Cash Management and Agency Agreement, the Paying Agent acts solely as agent of the OBG Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the OBG Holders.

The Paying Agent, its initial Specified Offices, any additional Paying Agent and its Specified Offices and the initial Calculation Agent (if any) are specified in the relevant Final Terms. The Issuer and the OBG Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor paying agent or Calculation Agent and additional or successor paying agents; provided, however, that:

(a) the Issuer and the OBG Guarantor shall at all times maintain a paying agent; and

(b) the Issuer and the OBG Guarantor shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; and

(c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the OBG Guarantor shall at all times maintain a Calculation Agent; and

(d) if and for so long as the OBG are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer and the OBG Guarantor shall maintain a paying agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agent or in its Specified Office shall promptly be given to the OBG Holders.

15. Further Issues

The Issuer may from time to time, without the consent of the OBG Holders, create and issue further OBG having the same terms and conditions as the OBG in all respects (or in all respects except for the first payment of interest) so that such futher issue shall be consolidated

and form a single series with any Series or upon such terms as the Issuer may determine at the time of their issue, provided that Moody's has been notified of such issuance.

16. Limited Recourse and Non Petition

(a) *Limited recourse*

The obligations of the OBG Guarantor under the OBG Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the OBG Guarantor, collateralised by the Assets and Integration Assets as provided under the Law 130, the MEF Decree and the BoI OBG Regulations. The payment obligations of the OBG Guarantor under the OBG Guarantee are secured over certain assets of the OBG Guarantor pursuant to the Deed of Pledge. The recourse of the OBG Holders to the OBG Guarantor under the OBG Guarantee will be limited to the assets comprised in the cover pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the OBG Holders.

(b) *Non petition*

Only the Representative of the OBG Holders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Guaranteed Amounts or enforce the OBG Guarantee and/or any security and no OBG Holder shall be entitled to proceed directly against the OBG Guarantor to obtain payment of the Guaranteed Amounts or to enforce the OBG Guarantee and/or any security. In particular:

(i) no OBG Holder (nor any person on its behalf) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the OBG Holder to enforce the OBG Guarantee and/or any security or take any proceedings against the OBG Guarantor to enforce the OBG Guarantee and/or any security;

(ii) no OBG Holder (nor any person on its behalf, other than the Representative of the OBG Holders, where appropriate) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the OBG Guarantor for the purpose of obtaining payment of any amount due from the OBG Guarantor;

(iii) at least until the date falling one year and one day after the date on which all Series of OBG issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms together with any payments payable in priority or pari passu thereto, no OBG Holder (nor any person on its behalf, other than the Representative of the OBG Holders) shall initiate or join any person in initiating an Insolvency Event in relation to the OBG Guarantor; and

(iv) no OBG Holder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priorities of Payments not being complied with.

17. Notices

(a) *Notices given through Monte Titoli*

Any notice regarding the OBG, as long as the OBG are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

(b) *Notices through Luxembourg Stock Exchange*

Any notice regarding the OBG, as long as the OBG are listed on the Luxembourg Stock Exchange, shall be deemed to have been duly given if published on the website of the Luxembourg Stock Exchange (at www.bourse.lu) or, if required, of the CSSF and, in any event, if published in accordance with the rules and regulation of the Luxembourg Stock Exchange.

(c) *Other publication*

The Representative of the OBG Holders shall be at liberty to sanction any other method of giving notice to OBG Holders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or quotation system by which the OBG are then admitted to trading and provided that notice of such other method is given to the holders of the OBG in such manner as the Representative of the OBG Holders shall require.

(d) *Investors Report*

The Issuer or, as the case may be, the OBG Guarantor shall make available to the holders of the OBG (in accordance with this Condition 17 (Notices) each Investors Report as soon as practicable after each relevant Investors Report Date.

18. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), and (d) all amounts used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

19. Governing Law and Jurisdiction

(a) *Governing law*

These OBG, and any non-contractual obligations arising out of, or in connection with them, are governed by Italian law. All Transaction Documents and any non-contractual obligations arising out of, or in connection with them, are governed by Italian law.

(b) *Jurisdiction*

The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the OBG or their validity, interpretation or performance.

(c) *Relevant legislation*

Anything not expressly provided for in these Conditions will be governed by the provisions of the Law 130 and, if applicable, Article 58 of the Banking Law, the BoI OBG Regulations and MEF Decree.

RULES OF THE ORGANISATION OF THE OBG HOLDERS

TITLE I
GENERAL PROVISIONS

Article 1
General

The Organisation of the OBG Holders in respect of the OBG issued under the Programme by UniCredit S.p.A. is created concurrently with the issue and subscription of the OBG of the first Series and is governed by these Rules of the Organisation of the OBG Holders ("**Rules**").

These Rules shall remain in force and effect until full repayment or cancellation of all the OBG.

The contents of these Rules are deemed to be an integral part of the Conditions of the OBG of each Series issued by the Issuer.

Article 2
Definitions and Interpretation

2.1 Definitions

In these Rules, the terms below shall have the following meanings:

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Paying Agent:

(a) certifying that specified OBG are held to the order of the Paying Agent or under its control and have been blocked in an account with a clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until a the earlier of:

  (i) a specified date which falls after the conclusion of the Meeting; and

  (ii) the notification to the Paying Agent not less than 48 hours before the time fixed for the Meeting (or, if the meeting has been adjourned, the time fixed for its resumption) of confirmation that the OBG have been unblocked and notification of the release thereof by the Paying Agent to the Issuer and Representative of the OBG Holders;

(b) certifying that the Holder of the relevant Blocked OBG or a duly authorised person on its behalf has notified the Paying Agent that the votes attributable to such OBG are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;

(c) listing the total number and the principal amount outstanding of such specified Blocked OBG, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and

(d) authorising a named individual to vote in accordance with such instructions;

"**Blocked OBG**" means OBG which have been blocked in an account with a clearing system, the Monte Titoli Account Holder or the relevant custodian or otherwise are held to the order of or under the control of the Paying Agent for the purpose of obtaining a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 6 (*Chairman of the Meeting*);

"**Event of Default**" means an Issuer Event of Default or a Guarantor Event of Default, as the context requires;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules on any of the subjects covered by Article 18.2 (*Extraordinary Resolution*) by a majority of not less than three quarters of the votes cast;

"**Holder**" means in respect of OBG, the ultimate owner of such OBG;

"**Liabilities**" means losses, liabilities, inconvenience, costs, expenses, damages, claims, actions or demands;

"**Meeting**" means a meeting of the OBG Holders (whether originally convened or resumed following an adjournment);

"**Monte Titoli Account Holder**" means any authorised institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System);

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules on any of the subjects covered by Article 18.1 (*Ordinary Resolution*) by a majority of more than 50 per cent. of the votes cast;

"**Portfolio**" has the meaning given to it in the Master Definition Agreement;

"**Programme Resolution**" means an Extraordinary Resolution passed at a single meeting of the OBG Holders of all Series, duly convened and held in accordance with the provisions contained in these Rules to direct the Representative of the OBG Holders to take steps and/or institute proceedings against the Issuer or the OBG Guarantor pursuant to Condition 11(e)(iii) (*Effect of a Guarantor Acceleration Notice - Enforcement*);

"**Proxy**" means a person appointed to vote under a Voting Certificate as a proxy or a person appointed to vote under a Block Voting Instruction, in each case other than:

(a) any person whose appointment has been revoked and in relation to whom the Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and

(b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

"**Rating Agency**" means Moody's Investors Service, or its successor, to the extent that at the relevant time it provides ratings in respect of the then outstanding OBG;

"**Resolutions**" means the Ordinary Resolutions and the Extraordinary Resolutions, collectively as the context requires;

"**Swap Rate**" means, in relation to a Series or a Tranche of OBG, the applicable spot rate;

"**Transaction Party**" means any person who is a party to a Transaction Document;

"**Voter**" means, in relation to a Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Monte Titoli Account Holder or a Proxy named in a Block Voting Instruction;

"**Voting Certificate**" means, in relation to any Meeting:

(a) a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time stating that:

  (i) that Blocked OBG will not be released until the earlier of

    (A) a specified date which falls after the conclusion of the Meeting; and

    (B) the surrender of such certificate to the Paying Agent; and

(b) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked OBG; or

(c) if possible under the relevant applicable laws and regulations, a certificate issued by the Paying Agent stating:

  (i) that Blocked OBG will not be released until the earlier of:

    (A) a specified date which falls after the conclusion of the Meeting; and

(B) the surrender of such certificate to the Paying Agent; and

(ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked OBG.

"**Written Resolution**" means a resolution in writing signed by or on behalf of one or more persons holding or representing at least 75 per cent of the Outstanding Principal Balance of (i) all the OBG (in case of Programme Resolution) or (ii) all the OBG of one or more relevant Series (in case of a resolution to be taken by the OBG Holders of such relevant Series), whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such OBG Holders;

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its specified office; and

"**48 hours**" means two consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or unless the context requires otherwise, words and expressions used in these Rules shall have the meanings and the construction ascribed to them in the Conditions.

2.2 Interpretation

In these Rules:

2.2.1 any reference herein to an "Article" shall, except where expressly provided to the contrary, be a reference to an article of these Rules of the Organisation of the OBG Holders;

2.2.2 a "successor" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

2.2.3 any reference to any Transaction Party shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

2.3 Separate Series

Subject to the provisions of the next sentence, the OBG of each Series shall form a separate Series of OBG and accordingly, unless for any purpose the Representative of the OBG Holders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series)* and 28 (*Duties and Powers of the Representative of the OBG Holders*) to 35 (*Powers to Act on behalf of the OBG Guarantor*) shall apply mutatis mutandis separately and independently to the OBG of each Series. However, for the purposes of this Article 2.3:

2.3.1 Articles 26 (*Appointment*) and 27 (*Resignation*); and

2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the OBG Holders*) to 35 (*Powers to Act on behalf of the OBG Guarantor*),

the OBG shall be deemed to constitute a single Series and the provisions of such Articles shall apply to all the OBG together as if they constituted a single Series and, in such Articles, the expressions "OBG" and "OBG Holders" shall be construed accordingly.

Article 3

Purpose of the Organisation of the OBG Holders

Each OBG Holders is a member of the Organisation of the OBG Holders.

The purpose of the Organisation of the OBG Holders is to co-ordinate the exercise of the rights of the OBG Holders and, more generally, to take any action necessary or desirable to protect the interest of the OBG Holders.

TITLE II
MEETINGS OF THE OBG HOLDERS

Article 4

Convening a Meeting

4.1 Convening a Meeting

The Representative of the OBG Holders, the OBG Guarantor or the Issuer may convene separate or combined Meetings of the OBG Holders at any time and the Representative of the OBG Holders shall be obliged to do so upon the request in writing by OBG Holders representing at least one-tenth of the aggregate Outstanding Principal Balance of the relevant Series of OBG.

The Representative of the OBG Holders may convene a single meeting of the OBG Holders of more than one Series if in the opinion of the Representative of the OBG Holders there is no conflict between the holders of the OBG of the relevant Series, in which event the provisions of this Schedule shall apply thereto *mutatis mutandis*.

4.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the OBG Holders and the Paying Agent specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

4.3 Time and place of Meetings

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the OBG Holders, provided that it is in a EU Member State.

Article 5

Notice

5.1 Notice of Meeting

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant OBG Holders and the Paying Agent, with a copy to the Issuer and the OBG Guarantor, where the Meeting is convened by the Representative of the OBG Holders, or with a copy to the Representative of the OBG Holders, where the Meeting is convened by the Issuer.

5.2 Content of notice

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the OBG Holders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall explain how OBG Holders may appoint Proxies, obtaining Voting Certificates and use Block Voting Instructions.

5.3 Validity notwithstanding lack of notice

A Meeting is valid notwithstanding that the formalities required by this Article 5 are not complied with if the Holders of the OBG constituting the Outstanding Principal Balance of the OBG, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the OBG Holders are present.

Article 6

Chairman of the Meeting

6.1 Appointment of Chairman

An individual (who may, but need not be, a OBG Holder), nominated in writing by the Representative of the OBG Holders may take the chair at any Meeting, but if:

6.1.1 the Representative of the OBG Holders fails to make a nomination; or

6.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

6.2 Duties of Chairman

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and determines the mode of voting.

6.3 Assistance to Chairman

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be OBG Holders.

Article 7

Quorum

The quorum at any Meeting will be:

7.1.1 in the case of an Ordinary Resolution, one or more Voters holding or representing at least 25 per cent of the Outstanding Principal Balance of the OBG of the relevant Series for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing OBG Holders, whatever the Outstanding Principal Balance of the OBG so held or represented; or

7.1.2 in the case of an Extraordinary Resolution or a Programme Resolution (subject as provided below), one or more Voters holding or representing at least 50 per cent. of the Outstanding Principal Balance of the OBG of the relevant Series for the time being outstanding or, at an adjourned Meeting, one or more persons being or representing OBG Holders of the relevant Series for the time being outstanding, whatever the Outstanding Principal Balance of the OBG so held or represented; or

7.1.3 at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 32 (*Waiver*), only be capable of being effected after having been approved by Extraordinary Resolution, namely:

(a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the specific Series of OBG;

(b) alteration of the currency in which payments under the specific Series of OBG are to be made;

(c) alteration of the majority required to pass an Extraordinary Resolution;

(d) except in accordance with Articles 31 (*Amendments and Modifications*) and 32 (*Waiver*), the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the specific Series of OBG for, or the conversion of such Specific Series of OBG into, shares, bonds or

other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; and

(e) alteration of this Article 7.1.3;

(each a "**Series Reserved Matter**"), the quorum shall be one or more voters being or representing holders of not less two-thirds of the aggregate Outstanding Principal Balance of the OBG of such Series for the time being outstanding or, at any adjourned meeting, one or more voters being or representing not less than one-third of the aggregate Outstanding Principal Balance of the OBG of such Series for the time being outstanding.

Article 8

Adjournment for Want of Quorum

8.1 If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:

8.1.1 if such Meeting was convened upon the request of OBG Holders, the Meeting shall be dissolved; and

8.1.2 in any other case, the Meeting shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 10 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Representative of the OBG Holders).

8.2 If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Representative of the OBG Holders) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Representative of the OBG Holders.

Article 9

Adjourned Meeting

Except as provided in Article 8 (*Adjournment for Want of Quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

Article 10

Notice Following Adjournment

10.1 Notice required

Article 5 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for want of a quorum except that:

10.1.1 10 days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

10.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

10.2 Notice not required

Except in the case of a Meeting to consider an Extraordinary Resolution, it shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 8 (*Adjournment for Want of Quorum*).

Article 11

Participation

The following categories of persons may attend and speak at a Meeting:

11.1 Voters;

11.2 the directors and the auditors of the Issuer and the OBG Guarantor;

11.3 representatives of the Issuer, the OBG Guarantor and the Representative of the OBG Holders;

11.4 financial advisers to the Issuer, the OBG Guarantor and the Representative of the OBG Holders;

11.5 legal advisers to the Issuer, the OBG Guarantor and the Representative of the OBG Holders; and

11.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the OBG Holders.

Article 12

Voting Certificates and Block Voting Instructions

12.1 A OBG Holder may obtain a Voting Certificate in respect of a Meeting by requesting its Monte Titoli Account Holder to issue a certificate in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time.

12.2 A OBG Holder may also obtain from the Paying Agent or require the Paying OBG Agent to issue a Block Voting Instruction by arranging for such OBG to be (to the satisfaction of the Paying Agent) held to its order or under its control or blocked in an account in the relevant clearing system, the Monte Titoli Account Holder or the relevant custodian not later than 48 hours before the time fixed for the relevant Meeting.

12.3 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked OBG to which it relates.

12.4 So long as a Voting Certificate or Block Voting Instruction is valid, the named therein as Holder or Proxy (in the case of a Voting Certificate issued by a Monte Titoli Account Holder), and any Proxy named therein (in the case of a Block Voting Instruction issued by the Paying Agent) shall be deemed to be the Holder of the OBG to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

12.5 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same OBG.

12.6 References to the blocking or release of OBG shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

Article 13

Validity of Block Voting Instructions

13.1 A Block Voting Instruction or a Voting Certificate issued by a Monte Titoli Account Holder shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Representative of the OBG Holders, or at any other place approved by the Representative of the OBG Holders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the OBG Holders so requires, a notarised copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holders or Proxy named in a

Voting Certificate issued by a Monte Titoli Account Holder shall be produced at the Meeting but the Representative of the OBG Holders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the OBG named in a Voting Certificate or a Block Voting Instruction or the identity of any Holder named in a Voting Certificate issued by a Monte Titoli Account Holder.

Article 14

Voting by show of hands

14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

Article 15

Voting by poll

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the OBG Guarantor, the Representative of the OBG Holders or any one or more Voters, whatever the Outstanding Principal Balance of the OBG held or represented by such Voter. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

Article 16

Votes

16.1 Voting

Each Voter shall have:

16.1.1 on a show of hands, one vote; and

16.1.2 on a poll every person who is so present shall have one vote in respect of each €1.00 or such other amount as the Representative of the OBG Holders may in its absolute discretion stipulate.

16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

Article 17

Voting by proxy

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked provided that none of the Issuer, the Representative of the OBG Holders or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

Article 18

Resolutions

18.1 Ordinary Resolutions

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the OBG Holders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 Extraordinary Resolutions

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

18.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the OBG Guarantor, the Representative of the OBG Holders or any of them where such compromise or arrangement are subject expressly to the OBG Holders approval;

18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the OBG Holders, the Issuer, the OBG Guarantor, the OBG Holders or any of them, whether such rights arise under the Transaction Documents or otherwise, and (b) these Rules, the Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the OBG, which, in any such case, shall be proposed by the Issuer, the Representative of the OBG Holders and/or any other party thereto where such modification, abrogation, variation or compromise are subject expressly to the OBG Holders approval;

18.2.3 assent to any modification of the provisions of these Rules or the Transaction Documents which shall be proposed by the Issuer, the OBG Guarantor, the Representative of the OBG Holders or of any OBG Holder where such modification are subject expressly to the OBG Holders approval;

18.2.4 in accordance with Article 26 (*Appointment*), appoint and remove the Representative of the OBG Holders;

18.2.5 subject to the provisions set forth under the Conditions and the Transaction Documents or upon request of the Representative of the OBG Holders, authorise the Representative of the OBG Holders to issue a Notice to Pay as a result of an Issuer Event of Default pursuant to Condition 11(a) (*Issuer Event of Default*) or a Guarantor Acceleration Notice as a result of a OBG Guarantor Event of Default pursuant to Condition 11(d) (*Guarantor Event of Default*);

18.2.6 discharge or exonerate, whether retrospectively or otherwise, the Representative of the OBG Holders from any liability in relation to any act or omission for which the Representative of the OBG Holders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;

18.2.7 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;

18.2.8 authorise and ratify the actions of the Representative of the OBG Holders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document, if required therein;

18.2.9 to appoint any person (whether OBG Holders or not) as a committee to represent the interests of the OBG Holders and to confer on any such committee any powers which the OBG Holders could themselves exercise by Extraordinary Resolution; and

18.2.10 authorise the Representative of the OBG Holders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

18.3 Programme Resolutions

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the OBG Holders to take steps and/or institute proceedings against the Issuer or the OBG Guarantor pursuant to Condition 11(e)(iii) (*Effect of a Guarantor Event of Default - Enforcement*) and to approve any amendment to the OBG Guarantee (except in a manner determined by the Representative of the OBG Holders not to be materially prejudicial to the interests of the OBG Holders of any Series).

18.4 Other Series of OBG

No Ordinary Resolution or Extraordinary Resolution other than a Resolution relating to a Series Reserved Matter that is passed by the Holders of one Series of OBG shall be effective in respect of another Series of OBG unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of OBG then outstanding of that other Series, subject to Article 24.1.

Article 19

Effect of Resolutions

19.1 Binding nature

Subject to Article 18.4 (*Other Series of OBG*), any resolution passed at a Meeting of the OBG Holders duly convened and held in accordance with these Rules shall be binding upon all OBG Holders, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the OBG of all Series shall be binding on all holders of the OBG of all Series, whether or not present at the meeting.

19.2 Notice of voting results

Notice of the results of every vote on a resolution duly considered by OBG Holders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agent (with a copy to the Issuer, the OBG Guarantor and the Representative of the OBG Holders within 14 days of the conclusion of each Meeting).

Article 20

Challenge to Resolutions

Any absent or dissenting OBG Holder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

Article 21

Minutes

Minutes shall be made of all resolutions and proceedings of each Meeting and entered in books provided by the Issuer for that purpose. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

Article 22

Written Resolution

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

Article 23

Individual actions and remedies

Each OBG Holder has accepted and is bound by the provisions of Clauses 4 (*Exercise of Rights and Subrogation*) and 11 (*Limited Recourse*) of the OBG Guarantee and Clause 10 (*Limited Recourse and Non Petition*) of the Intercreditor Agreement and, accordingly, if any OBG Holder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the OBG and the OBG Guarantee, any such action or remedy shall be subject to a Meeting not passing an Extraordinary Resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

23.1 the OBG Holder intending to enforce his/her rights under the OBG will notify the Representative of the OBG Holders of his/her intention;

23.2 the Representative of the OBG Holders will, without delay, call a Meeting in accordance with these Rules (including, for the avoidance of doubt, Article 24 (*Choice of Meeting*);

23.3 if the Meeting passes an Extraordinary Resolution objecting to the enforcement of the individual action or remedy, the OBG Holder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and

23.4 if the Meeting of OBG Holders does not object to an individual action or remedy, the OBG Holder will not be prohibited from taking such individual action or remedy.

Article 24

Meetings and separate Series

24.1 Choice of Meeting

If and whenever the Issuer shall have issued and have outstanding OBG of more than one Series the foregoing provisions of this Rules shall have effect subject to the following modifications:

24.1.1 a resolution which in the opinion of the Representative of the OBG Holders affects the OBG of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the OBG of that Series;

24.1.2 a resolution which in the opinion of the Representative of the OBG Holders affects the OBG of more than one Series but does not give rise to a conflict of interest between the holders of OBG of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the OBG of all the Series so affected;

24.1.3 a resolution which in the opinion of the Representative of the OBG Holders affects the OBG of more than one Series and gives or may give rise to a conflict of interest between the holders of the OBG of one Series or group of Series so affected and the holders of the OBG of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the OBG of each Series or group of Series so affected;

24.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the OBG Holders of all Series; and

24.1.5 to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to OBG and OBG Holders were references to the OBG of the Series or group of Series in question or to the holders of such OBG, as the case may be.

Article 25

Further regulations

Subject to all other provisions contained in these Rules, the Representative of the OBG Holders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the OBG Holders in its sole discretion may decide.

TITLE III
THE REPRESENTATIVE OF THE OBG HOLDERS

Article 26

Appointment, removal and remuneration

26.1 Appointment

The appointment of the Representative of the OBG Holders takes place by Extraordinary Resolution of the OBG Holders in accordance with the provisions of this Article 26, except for the appointment of Securitisation Services S.p.A. as first Representative of the OBG Holders which will be appointed under the Dealer Agreement.

26.2 Identity of Representative of the OBG Holders

The Representative of the OBG Holders shall be:

26.2.1 a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or

26.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 106 of the Banking Law; or

26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the OBG Holders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the OBG Holders and, if appointed as such, they shall be automatically removed.

26.3 Duration of appointment

Unless the Representative of the OBG Holders is removed by Extraordinary Resolution of the OBG Holders pursuant to Article 18.2 (*Extraordinary Resolution*) or resigns pursuant to Article 27 (*Resignation of the*

Representative of the OBG Holders), it shall remain in office until full repayment or cancellation of all the Series of OBG.

26.4 After termination

In the event of a termination of the appointment of the Representative of the OBG Holders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the OBG Holders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the OBG Holders*), accepts its appointment, and the powers and authority of the Representative of the OBG Holders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the OBG.

26.5 Remuneration

The Issuer shall pay to the Representative of the OBG Holders an annual fee for its services as Representative of the OBG Holders from the Issue Date, as agreed in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the priority of payments set out in the Intercreditor Agreement up to (and including) the date when the OBG shall have been repaid in full or cancelled in accordance with the Conditions. In case of failure by the Issuer to pay the Representative of the OBG Holders the fee for its services, the same will be paid by the OBG Guarantor.

Article 27

Resignation of the Representative of the OBG Holders

The Representative of the OBG Holders may resign at any time by giving at least three calendar months' written notice to the Issuer and the OBG Guarantor, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the OBG Holders shall not become effective until a new Representative of the OBG Holders has been appointed in accordance with Article 26.1 (*Appointment*) and such new Representative of the OBG Holders has accepted its appointment, provided that if OBG Holders fail to select a new Representative of the OBG Holders within three months of written notice of resignation delivered by the Representative of the OBG Holders, the Representative of the OBG Holders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the OBG Holders*).

Article 28

Duties and powers of the Representative of the OBG Holders

28.1 Representative of the OBG Holders as legal representative

The Representative of the OBG Holders is the legal representative of the Organisation of the OBG Holders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the OBG Holders.

28.2 Meetings and resolutions

Unless any Resolution provides to the contrary, the Representative of the OBG Holders is responsible for implementing all resolutions of the OBG Holders. The Representative of the OBG Holders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

28.3 Delegation

The Representative of the OBG Holders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents:

28.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the OBG Holders;

28.3.2 whenever it considers it expedient and in the interest of the OBG Holders,

whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation pursuant to Article 28.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the OBG Holders may think fit in the interest of the OBG Holders. The Representative of the OBG Holders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the OBG Holders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the OBG Holders shall, as soon as reasonably practicable, give notice to the Issuer and the OBG Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the OBG Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

28.4 Judicial proceedings

The Representative of the OBG Holders is authorised to represent the Organisation of the OBG Holders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the OBG Guarantor.

28.5 Consents given by Representative of OBG Holders

Any consent or approval given by the Representative of the OBG Holders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the OBG Holders deems appropriate and, notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents, such consent or approval may be given retrospectively.

28.6 Discretions

Save as expressly otherwise provided herein, the Representative of the OBG Holders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the OBG Holders by these Rules or by operation of law.

28.7 Obtaining instructions

In connection with matters in respect of which the Representative of the OBG Holders is entitled to exercise its discretion hereunder, the Representative of the OBG Holders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the OBG Holders' instructions as to how it should act. Without prejudice to the provisions set forth under Article 33 (*Indemnity*), prior to undertaking any action, the Representative of the OBG Holders shall be entitled to request that the OBG Holders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific Limitations*).

28.8 Remedy

The Representative of the OBG Holders may determine whether or not a default in the performance by the Issuer or the OBG Guarantor of any obligation under the provisions of these Rules, the OBG or any other Transaction Documents may be remedied, and if the Representative of the OBG Holders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the OBG Holders, the other creditors of the OBG Guarantor and any other party to the Transaction Documents.

Article 29

Exoneration of the Representative of the OBG Holders

29.1 Limited obligations

The Representative of the OBG Holders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

29.2 Specific limitations

Without limiting the generality of the Article 29.1, the Representative of the OBG Holders:

29.2.1 shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a Guarantor Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the OBG Holders hereunder or under any other Transaction Document, has occurred and, until the Representative of the OBG Holders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or Guarantor Event of Default or such other event, condition or act has occurred;

29.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the OBG Guarantor or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the OBG Holders shall be entitled to assume that the Issuer or the OBG Guarantor and each other party to the Transaction Documents are duly observing and performing all their respective obligations;

29.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;

29.24 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

(i) the nature, status, creditworthiness or solvency of the Issuer or the OBG Guarantor;

(ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;

(iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;

(iv) the failure by the OBG Guarantor to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Portfolio; and

(v) any accounts, books, records or files maintained by the Issuer, the OBG Guarantor, the Servicer and the Paying Agent or any other person in respect of the Portfolio or the OBG;

29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the OBG or the distribution of any of such proceeds to the persons entitled thereto;

29.2.6 shall have no responsibility for procuring or maintaining any rating of the OBG by any credit or rating agency or any other person;

29.2.7 shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the OBG Holders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;

29.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;

29.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the OBG Guarantor in relation to the assets contained in the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the OBG Holders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;

29.2.10 shall not be under any obligation to guarantee or procure the repayment of the Receivables contained in the Portfolio or any part thereof;

29.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio or any part thereof provided by any person;

29.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;

29.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the OBG, the Portfolio or any Transaction Document;

29.2.14 shall not be under any obligation to insure the Portfolio or any part thereof;

29.2.15 shall, when in these Rules or any Transaction Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the OBG Holders, have regard to the overall interests of the OBG Holders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual OBG Holders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual OBG Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;

29.2.16 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the OBG of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such OBG Holders by Extraordinary Resolution or by a written resolution of such OBG Holders of not less than 25 per cent. of the Outstanding Principal Balance of the OBG of the relevant Series then outstanding;

29.2.17 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the OBG Holders and the other creditors of the Issuer or the OBG Guarantor but if, in the opinion of the Representative of the OBG Holders, there is a conflict between their interests the Representative of the OBG Holders will have regard solely to the interest of the OBG Holders;

29.2.18 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the OBG Holders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and

29.2.19 shall not be liable or responsible for any Liabilities which may result from anything done or omitted to be done by it in accordance with the provisions of these Rules or the Transaction Documents.

29.3 Illegality

No provision of these Rules shall require the Representative of the OBG Holders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the OBG Holders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction

or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or Liabilities which it may incur as a consequence of such action. The Representative of the OBG Holders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

Article 30

Reliance on information

30.1 Advice

The Representative of the OBG Holders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the OBG Guarantor, the Representative of the OBG Holders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the OBG Holders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic.

30.2 Certificates of Issuer and/or OBG Guarantor

The Representative of the OBG Holders may require, and shall be at liberty to accept (a) as sufficient evidence

30.2.1 as to any fact or matter *prima facie* within the Issuer's or the OBG Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the OBG Guarantor;

30.2.2 that such is the case, a certificate of a director of the Issuer or (as the case may be) the OBG Guarantor to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the OBG Holders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

30.3 Resolution or direction of OBG Holders

The Representative of the OBG Holders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of OBG Holders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the OBG Holders.

30.4 Certificates of Monte Titoli Account Holders

The Representative of the OBG Holders, in order to ascertain ownership of the OBG, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

30.5 Clearing Systems

The Representative of the OBG Holders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the OBG Holders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of OBG.

30.6 Certificates of parties to Transaction Documents

The Representative of the OBG Holders shall have the right:

30.6.1 to require the Issuer to obtain, written certificates issued by one of the parties to the Intercreditor Agreement, or by any other creditor of the OBG Guarantor, as to any matter or fact which is *prima facie* within the knowledge of such party or as to such party's opinion with respect to any matter; and

30.6.2 to rely on such written certificates.

The Representative of the OBG Holders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any Liabilities incurred as a result of having failed to do so.

30.7 Rating Agency

The Representative of the OBG Holder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the holders of OBG of any Series or of all Series for the time being outstanding if the Rating Agency has confirmed that the then current rating of the OBG of any such Series or all such Series (as the case may be) would not be adversely affected by such exercise, or have otherwise given their consent, provided that the Rating Agency shall be under no obligation to provide any consent or rating confirmation. If the Representative of the OBG Holders, in order properly to exercise its rights or fulfill its obligations, deems it necessary to obtain the views of the Rating Agency as to how a specific act would affect any outstanding rating of the OBG, the Representative of the OBG Holders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the OBG Holders or the Representative of the OBG Holders may seek and obtain such views itself at the cost of the Issuer.

30.8 Certificates of Parties to Transaction Document

The Representative of the OBG Holders shall have the right to call for or require the Issuer or the OBG Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the OBG Guarantor) to the Intercreditor Agreement or any other Transaction Document,

30.8.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;

30.8.2 as any matter or fact *prima facie* within the knowledge of such party; or

30.8.3 as to such party's opinion with respect to any issue and the Representative of the OBG Holders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liabilities incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

30.9 Auditors

The Representative of the OBG Holders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

Article 31

Amendments and modifications

31.1 The Representative of the OBG Holders may from time to time and without the consent or sanction of the OBG Holders concur with the Issuer and/or the OBG Guarantor and any other relevant parties in making any modification (and for this purpose the Representative of the OBG Holders may disregard whether any such modification relates to a Series Reserved Matter) as follows:

31.1.1 to these Rules, the Conditions and/or the other Transaction Documents which in the opinion of the Representative of the OBG Holders may be expedient to make provided that the Representative of the OBG Holders is of the opinion that such modification will be proper to make and will not be materially prejudicial to the interests of any of the OBG Holders of any Series;

31.1.2 to these Rules, the Conditions or the other Transaction Documents which is of a formal, minor or technical nature or, which in the opinion of the Representative of the OBG Holders is to correct a manifest error or an error established as such to the satisfaction of the Representative of the OBG Holders or for the purpose of clarification; and

31.1.3 to these Rules, the Conditions or the other Transaction Documents which is necessary to comply with mandatory provisions of law and regulation or a change of the OBG Regulations or any guidelines issued by the Bank of Italy in respect thereof.

31.2 Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the OBG Holders may determine, shall be binding upon the OBG Holders and, unless the Representative of the OBG Holders otherwise agrees, shall be notified by the Issuer or the OBG Guarantor (as the case may be) to the OBG Holders in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

31.3 In establishing whether an error is established as such, the Representative of the OBG Holders may have regard to any evidence on which the Representative of the OBG Holders considers reasonable to rely on, and may, but shall not be obliged to, have regard to a certificate from a Relevant Dealer, stating the intention of the parties to the relevant Transaction Document, confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention and stating the modification to the relevant Transaction Document that is required to reflect such intention

31.4 The Representative of the OBG Holders shall be bound to concur with the Issuer and the OBG Guarantor and any other party in making any of the above-mentioned modifications if it is so directed by an Extraordinary Resolution or and if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

Article 32

Waiver

32.1 Waiver of Breach

The Representative of the OBG Holders may at any time and from time to time in its sole direction, without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Holders of the OBG then outstanding shall not be materially prejudiced thereby:

32.1.1 authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of any of the covenants or provisions contained in the OBG Guarantee or any of the obligations of or rights against the OBG Guarantor under any other Transaction Documents; or

32.1.2 determine that any Event of Default shall not be treated as such for the purposes of the Transaction Documents, without any consent or sanction of the OBG Holders.

32.2 Binding Nature

Any authorisation, waiver or determination referred in Article 32.1 (*Waiver of Breach*) shall be binding on the OBG Holders.

32.3 Restriction on powers

The Representative of the OBG Holders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the Holders of the OBG then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent in aggregate Outstanding Principal Balance of the OBG (in the case of any such determination, with the OBG of all Series taken

together as a single Series as aforesaid), and at all times then only if it shall be indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing but so that no such direction or request:

32.3.1 shall affect any authorisation, waiver or determination previously given or made or

32.3.2 all authorise or waive any such proposed breach or breach relating to a Series Reserved Matter unless holders of OBG of each Series has, by Extraordinary Resolution, so authorised its exercise.

32.4 Notice of waiver

Unless the Representative of the OBG Holders agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the OBG Holders and the Secured Creditors, as soon as practicable after it has been given or made in accordance with Condition 17 (*Notices*).

Article 33

Indemnity

Pursuant to the Dealer Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the OBG Holders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands duly documented and properly incurred by or made against the Representative of the OBG Holders, including but not limited to legal expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the OBG Holders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the OBG Holders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the OBG or the Transaction Documents.

Article 34

Liability

Notwithstanding any other provision of these Rules, the Representative of the OBG Holders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the OBG or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV
THE ORGANISATION OF THE OBG HOLDERS AFTER SERVICE OF A OBG GUARANTOR ACCELERATION NOTICE

Article 35

Powers to act on behalf of the OBG Guarantor

It is hereby acknowledged that, upon service of a Guarantor Acceleration Notice or, prior to service of a Guarantor Acceleration Notice, following the failure of the OBG Guarantor to exercise any right to which it is entitled, pursuant to the Intercreditor Agreement the Representative of the OBG Holders, in its capacity as legal representative of the Organisation of the OBG Holders, shall be entitled (also in the interests of the Secured Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the OBG Holders, in its capacity as legal representative of the Organisation of the OBG Holders, will be authorised, pursuant to the terms of the Intercreditor Agreement, to exercise, in the name and on behalf of the OBG Guarantor and as *mandatario in rem propriam* of the OBG Guarantor, any and all of the rights of the OBG Guarantor under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V
GOVERNING LAW AND JURISDICTION

Article 36
Governing law

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

Article 37
Jurisdiction

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of OBG issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS -** The OBG are not intended[, from 1 January 2018,][15] to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequentely no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the OBG or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the OBG or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.][16]

Final Terms dated [●]

UniCredit S.p.A.
Issue of *[Aggregate Nominal Amount of Tranche] [Description]*
OBG due *[Maturity]*

Guaranteed by UniCredit OBG S.r.l.
under the €25,000,000,000 OBG Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the prospectus dated [_____] [and the supplement[s] to the prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Prospectus**") for the purposes of Directive 2003/71/EC as amended (the "**Prospectus Directive**"). This document constitutes the Final Terms of the OBG described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the OBG Guarantor and the offer of the OBG described herein is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus[, including the supplement[s]] [is/are] available for viewing at the website of the Luxembourg Stock Exchange at www.bourse.lu. These Final Terms will be published on the website of the Luxembourg Stock Exchange at www.bourse.lu and will be available from the registered office of the Issuer and from the Specified Office of the Paying Agent.]

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[15] This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.

[16] Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 if the OBG potentially constitute "packaged" products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable" and (ii) for offers concluded before 1 January 2018 at the option of the parties.

(*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*)

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated 10 November 2015 which are incorporated by reference in the Prospectus dated [_____]. This document constitutes the Final Terms of the OBG described herein for the purposes of Article 5.4 of Directive 2003/71/EC as amended (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated [_____] [and the supplement[s] to it dated [•] [and [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Prospectus**"), including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer, the OBG Guarantor and the offer of the OBG described herein is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [, including the supplement[s]] [is/are] available for viewing at the website of the Luxembourg Stock Exchange at www.bourse.lu. These Final Terms will be published on website of the Luxembourg Stock Exchange at www.bourse.lu and will be available from the registered office of the Issuer and from the Specified Office of the Paying Agent.]

[Include whichever of the following apply or specify as "Not Applicable "(N/A). Note that the numbering should remain as set out below, even if "Not Applicable"is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

1.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the OBG will become fungible:	[Not applicable / The OBG will be consolidated, form a single Series and be interchangeable for trading purposes with [*(insert Series Number and ISIN Code)*] on [the Issue Date/ *(insert date*)]
2.	Aggregate Nominal Amount of OBG:		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
3.	Issue Price:		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from []

4.	(i)	Specified Denominations:	€100,000 [plus integral multiples of €[1,000] in excess thereof] (*Include the wording in square brackets where the Specified Denomination is €100,000 or equivalent plus multiples of a lower principal amount*.)
	(ii)	Calculation Amount:	[●]
5.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
6.	Maturity Date:		[*Specify date or (for Floating Rate OBG) OBG Payment Date falling in or nearest to the relevant month and year.*]
7.	Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the OBG Guarantee:		[●] / [Not Applicable]
8.	Interest Basis:		[[●] per cent. Fixed Rate] [[*Specify reference rate*] +/– [*Margin*] per cent. Floating Rate] [Zero Coupon] (see paragraphs [14], [15] and [16] below)
9.	Redemption/Payment Basis:		[Subject to any purchase and cancellation or early redemption, the OBG (other than Zero Coupon OBG) will be redeemed on the Maturity Date at par (as referred to in Condition 8(a)(ii))] / [Subject to any purchase and cancellation or early redemption, OBG (other than Zero Coupon OBG) will be redeemed in the instalment amounts and on the instalment dates set out in paragraph 23 below (as referred to in Condtition 8(a)(i))] / [Subject to any purchase and cancellation or early redemption, Zero Coupon OBG will be redeemed on the Maturity Date at [[●] *(insert an amount above 100%)*/[100]] per cent. of their nominal amount.]
10.	Change of Interest or Redemption/Payment Basis:		[●] / [Not Applicable]

11.	Put/Call Options:	[Not Applicable] [Put Option] [Call Option] [(see paragraphs [17] and [18] below)]
12.	[Date [Board] approval for issuance of OBG [and OBG Guarantee] [respectively]] obtained:	[•] [and [•], respectively] / [Not Applicable] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of OBG or related OBG Guarantee)*]
13.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[•] per cent. per annum payable on each OBG Payment Date in arrear
	(ii) OBG Payment Date(s):	[•] in each year [adjusted in accordance with [[Following Business Day Convention] / [FRN Convention, Floating Rate Convention or Eurodollar Convention] / [Modifified Following Business Day Convention or Modified Business Day Convention] / [Preceding Business Day Convention] *(specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "Business Day")*]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Broken Amount(s):	[•] per Calculation Amount, payable on the OBG Payment Date falling [in/on] [•] / [Not Applicable]
	(v) Day Count Fraction:	[Actual/Actual (ICMA)/ Actual/Actual (ISDA)/ Actual/365 (Fixed)/ Actual/360/ 30/360/ 30E/360/ 30E/360 (ISDA)]

15.	**Floating Rate Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	OBG Interest Period(s):	[●]
	(ii)	Specified Period:	[●] / [Not Applicable]
	(iii)	OBG Payment Dates:	[●] / [Not Applicable]
	(iv)	First OBG Payment Date:	[●]
	(v)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment]
	(vi)	Additional Business Centre(s):	[Not Applicable/ [●]]
	(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ ISDA Determination]
	(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Paying Agent):	[●] / [Not Applicable]
	(ix)	Screen Rate Determination:	
		• Reference Rate:	[●] *(For example, LIBOR or EURIBOR)*
		• Interest Determination Date(s):	[●]
		• Relevant Screen Page:	[●] *(For example, Reuters LIBOR 01/ EURIBOR 01)*
		• Relevant Time:	[●] *(For example, 11.00 a.m. London time/Brussels time)*
		• Relevant Financial Centre:	[●] *(For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*
	(x)	ISDA Determination:	
		• Floating Rate Option:	[●]
		• Designated Maturity:	[●]

	•	Reset Date:	[●]
	(xi)	Margin(s):	[+/-][●] per cent. per annum
	(xii)	Minimum Rate of Interest:	[[●] per cent. per annum] / [Not Applicable]
	(xiii)	Maximum Rate of Interest:	[[●] per cent. per annum] / [Not Applicable]
	(xiv)	Day Count Fraction:	[Actual/Actual (ICMA)/ Actual/Actual (ISDA)/ Actual/365 (Fixed)/ Actual/360/ 30/360/ 30E/360/ 30E/360 (ISDA)]
16.	**Zero Coupon Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Accrual Yield:	[●] per cent. per annum
	(ii)	Reference Price:	[●]
	(iii)	Day Count Fraction in relation to Condition [8(h) *(Early redemption of Zero Coupon OBG)*]:	[Actual/Actual (ICMA)/ Actual/Actual (ISDA)/ Actual/365 (Fixed)/ Actual/360/ 30/360/ 30E/360/ 30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

17.	**Call Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of OBG and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount] / [The principal amount of the OBG outstanding on the Optional Redemption Date]
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[[●] per Calculation Amount] / [Not Applicable]
		(b) Maximum Redemption Amount	[[●] per Calculation Amount] / [Not Applicable]

	(iv)	Notice period:	[•]
18.	**Put Option**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each OBG and method, if any, of calculation of such amount(s):	[•] per Calculation Amount
	(iii)	Notice period:	[•]
19.	**Final Redemption Amount of OBG**		[•] per Calculation Amount *(The Final Redemption Amount in respect of any Series of OBG other than Zero Coupon OBG shall be equal to the nominal amount of the relevant OBG)*
20.	**Early Redemption Amount (Tax)** *(Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons)*		[•] per Calculation Amount
21.	**Early Redemption Amount** *(Early redemption amount(s) per Calculation Amount payable on redemption following a Guarantor Event of Default)*		[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE OBG

22.	Additional Financial Centre(s):	[Not Applicable/[•]]
23.	Details relating to OBG for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made:	[Not Applicable/ The OBG shall be redeemed on each instalment date set out below in the instalment amounts set out below] Instalment date — Instalment amount [•] — [•] [•] — [•]

	Maturity Date	[All outstanding instalment amounts not previously redeemed]

[**Third party information**

[(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the OBG Guarantor confirms that such information relating to the OBG has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information relating to the OBG published by (*specify source*), no facts have been omitted which would render the reproduced information relating to the OBG inaccurate or misleading.]]

Signed on behalf of UniCredit S.p.A.

By: _____
Duly authorised

Signed on behalf of UniCredit OBG S.r.l.

By: _____
Duly authorised

PART B - OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing	[Official List of the Luxembourg Stock Exchange/(*specify other*)/None]
(ii)	Admission to trading	[Application [is expected to be/has been] made by the Issuer (or on its behalf) for the OBG to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange/ [●] *(specify other regulated market)*] with effect from [●].] [Not Applicable.] [The [●] were admitted to trading on [the regulated market of the Luxembourg Stock Exchange/ [●] *(specify other regulated market)*] with effect from [●]] *(Where documenting a fungible issue, need to indicate that original OBG are already admitted to trading.)*
(iii)	Estimate of total expenses related to admission to trading	[●]

2. **RATINGS**

Ratings:	[Moody's: [●]] [[Other]: [●]]

[The credit ratings included or referred to in these Final Terms have been issued by Moody's, which is established in the European Union and is registered under Regulation (EC) No 1060/2009 on credit rating agencies as amended from time to time (the "**CRA Regulation**") as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the ESMA pursuant to the CRA Regulation (for more information please visit the ESMA webpage http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)] / [have not been issued or endorsed by any credit rating agency which is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies as amended from time to time].

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

["Save for any fees payable to the Dealer(s), so far as the Issuer is aware, no person involved in the offer of the OBG has an interest material to the offer. The Dealer(s) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions, with, and may perform other services for, the Issuer and the OBG Guarantor and their respective affiliates in the ordinary course of business. *(amend as appropriate if there are other interests)*]

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

4. ***Fixed Rate OBG only* – YIELD**

Indication of yield: [●] / [Not applicable]

5. ***Floating Rate OBG only* - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/CMS/[●]] rates can be obtained from [Reuters/[●]].] / [Not Applicable]

6. **DISTRIBUTION**

(i) If syndicated, names of Managers:	[Not Applicable/[●]]
(ii) Stabilising Manager(s) (if any):	[Not Applicable/[●]]
If non-syndicated, name of Dealer:	[Not Applicable/[●]]
U.S. Selling Restrictions:	[Reg. S Compliance Category]
Date of Subscription Agreement:	[Not Applicable/[●]]
Prohibition of Sales to EEA Retail Invesors:	[Applicable/Not Applicable] *(If the offer of the OBG is concluded prior to 1 January 2018, or on and after that date the OBG clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the OBG will be concluded on or after 1 January 2018 and the OBG may constitute "packaged" products, "Applicable" should be specified.)*

7. **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]
Any Relevant Clearing System(s) other than Monte Titoli, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s), address and number(s)*]
Delivery:	Delivery [against/free of] payment
Names and Specified Offices of additional OBG Paying Agent(s) (if any), Calculation Agent(s), Listing Agent(s) or Representative of the OBG Holders (if any):	[●]

Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes/No] [Note that the designation "yes" simply means that the OBG are intended upon issue to be held in a form which would allow Eurosystem eligibility (i.e. issued in dematerialised form (*emesse in forma dematerializzata*) and wholly and exclusively deposited with Monte Titoli in accordance with 83-*bis* of Italian legislative decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in Article 83-*quater* of such legislative decree) and does not necessarily mean that the OBG will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

TAXATION IN THE REPUBLIC OF ITALY

The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the OBG 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.

This summary is based upon the laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Prospective purchasers of the OBG are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the OBG.

Italian Tax Treatment of the OBG – General

Legislative Decree No. 239 of 1 April 1996 ("**Decree. No. 239**") regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) from certain securities issued, inter alia, by Italian resident banks (hereinafter collectively referred to as "**Interest**"). The provisions of Decree No. 239 only apply to OBG issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986. For this purpose, debentures similar to bonds are securities issued in series (*titoli di massa*) that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value, and do not grant to the relevant holders any right to directly or indirectly participate in the management of the Issuer or of the business in relation to which they are issued or to control the same management.

Taxation of Interest

Italian Resident OBG holders

Pursuant to Decree No. 239, where the Italian resident holder of the OBG that qualify as *obbligazioni or titoli similari alle obbligazioni* who is the beneficial owner of such OBG, is (a) an individual holding OBG otherwise than in connection with entrepreneurial activity; (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or *de facto* partnership not carrying out commercial activities or professional association; (c) a private or public institution not carrying out mainly or exclusively commercial activities; or (d) an investor exempt from Italian corporate income taxation (unless the holders under (a), (b) and (c) have entrusted the management of their financial assets, including the OBG, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**" – the "**Asset Management Option**"), interest payments relating to the OBG are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. either when Interest is paid or

when payment thereof is obtained by the holder on a sale of the OBG. All the above categories are qualified as "net recipients".

Where the resident holders of the OBG described above under (a) and (c) are engaged in an entrepreneurial activity to which the OBG are effectively connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the OBG if the OBG are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016. To date, lacking official clarifications on how to apply these rules, it is uncertain if the OBG may benefit from this specific regime.

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* (**SGRs**), stock brokers and other qualified entities resident in Italy, or by permanent establishments in Italy of banks or authorised intermediaries resident outside Italy ("**Intermediaries**" and each an "**Intermediary**"), that must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the OBG.

Where the OBG and the relevant coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld:

(a) by any intermediary paying Interest to the OBG holders; or

(b) by the Issuer.

Payments of Interest in respect of OBG that qualify as *obbligazioni* or *titoli similari alle obbligazioni*, are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected; (ii) Italian collective investment funds, SICAFs ("*Società di investimento a capitale fisso*"), SICAVs, Italian pension funds referred to in Legislative Decree No. 252 of 5 December 2005 ("**Decree No. 252**"), Italian real estate investment funds and Italian real estate SICAFs to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply ("Italian **Real Estate SICAFs**"); and (iii) Italian resident individuals holding OBG not in connection with entrepreneurial activity or non-commercial partenerships or non-commercial private or public institution who have entrusted the management of their financial assets, including the OBG, to an authorised financial intermediary and have opted for the Asset Management Option. Such categories are qualified as "gross recipients".

To ensure payment of Interest in respect of the OBG without the application of the *imposta sostitutiva*, gross recipients indicated above under (i) to (iii) must (a) be the beneficial owners of payments of Interest on the OBG and (b) timely deposit the OBG together with the coupons relating to such OBG directly or indirectly with an Intermediary.

Where the OBG and the relevant coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld:

(a) by any intermediary paying Interest to the OBG holder; or

(b) by the Issuer,

and gross recipients that are Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the OBG would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the OBG holder, also in the net value of production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding OBG not in connection with entrepreneurial activity or non-commercial partnerships or non-commercial private or public institutions who have opted for the Asset Management Option are subject to a 26 per cent annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year. The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian collective investment funds, SICAFs and SICAVs that do not invest in real estate established in Italy and either (i) the fund or SICAF or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Italian Fund**") - and the relevant OBG are held by an authorised intermediary - are not subject to *imposta sostitutiva* on the Interest and other proceeds accrued during the holding period on the OBG. A withholding tax may apply in certain circumstances at the rate of up to 26 percent on distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Italian pension funds subject to the regime provided by Article 17 Decree No. 252, as subsequently amended, are not subject to *imposta sostitutiva.* They are subject to a 20 per cent. annual substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the OBG).

According to the current regime provided by Law Decree No. 351 dated 25 September 2001, converted with amendments by Law No. 410 of 23 November 2001 ("**Law Decree No. 351**") and Article 9 of Legislative Decree No. 44 of 4 March 2014, payment of interest in respect of OBG made to Italian real estate funds created under Article 37 of the Financial Services Act and Article 14-*bis* of Law No. 86 dated 25 January 1994 (the "**Italian Real Estate Funds**") and Italian Real Estate SICAFs are subject to neither *imposta sostitutiva* nor any other income tax in the hands of the Real Estate Fund or the Real Estate SICAF. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent on distributions made by Italian Real Estate Funds or Italian Real Estate SICAFs and, in certain cases, a tax transparency regime may apply in respect of

certain categories of investors in the Italian Real Estate Fund or Italian Real Estate SICAFs owning more than 5 per cent of the relevant units or shares.

Non-Italian resident OBG holders

According to Decree No. 239, payments of Interest in respect of OBG that qualify as *obbligazioni* or *titoli similari alle obbligazioni* will not be subject to the *imposta sostitutiva* at the rate of 26 per cent. provided that:

(a) the payments are made to non-Italian resident beneficial owners of the OBG with no permanent establishment in Italy to which the OBG are effectively connected;

(b) such beneficial owners are resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy (the "**White List States**") as currently listed in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time; and

(c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the OBG made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in a White List State; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the OBG without the application of *imposta sostitutiva*, non-Italian resident investors indicated above must:

(a) be the beneficial owners of payments of Interest on the OBG;

(b) timely deposit the OBG together with the coupons relating to such OBG directly or indirectly with an Italian resident bank or SIM or a permanent establishment in Italy of a non-Italian bank or investment firm, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and

(c) timely file with the relevant depository a self-assessment (*autocertificazione*) stating, *inter alia*, that he or she is resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-assessment (*autocertificazione*) is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The self-assessment (*autocertificazione*) is not requested for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident OBG holder to timely comply with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to such non-resident OBG holder.

The *imposta sostitutiva* will be applicable to Interest accrued during the holding period when the OBG holders are resident, for fiscal purposes, in countries which do not allow for a satisfactory exchange of information with Italy or who do not comply with the above mentioned requirement. The *imposta sostitutiva* may be reduced or reduced to zero under certain applicable double tax treaties entered into by Italy, subject to timely filing of required documentation.

Atypical securities

Interest payments relating to OBG that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may be qualified as "*atypical securities*" and subject to a withholding tax, levied at the rate of 26 per cent.. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

Interest payments received by: (a) Italian resident companies or similar commercial entities or permanent establishments in Italy of foreign companies to which the OBG are effectively connected, (b) Italian resident commercial partnerships and (c) Italian resident individuals carrying out a commercial activity to which the OBG are connected, form part of their aggregate income subject to income tax in Italy according to ordinary rules. In these cases, the withholding tax applies as a provisional income tax and may be deducted from the taxation on income due. In certain cases, said Interest may also be included in the taxable net value of production for IRAP purposes.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the OBG that are classified as atypical securities, if the OBG are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016. To date, lacking official clarifications on how to apply these rules, it is uncertain if the OBG may benefit from this specific regime.

In all other cases, including when the OBG holder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident OBG holder, the withholding tax rate may be reduced by any applicable tax treaty.

Payments made by the OBG Guarantor

The Italian tax authorities have never expressed their view on the Italian tax regime applicable to payments on OBG made by an Italian resident guarantor in a ruling available to the public. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not support such an alternative treatment.

With respect to payments on the OBG made to certain Italian resident OBG holders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the OBG may be subject to an advance withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600, as subsequently amended. Also in the case of payments to non-Italian resident, a final withholding tax may be applied at 26 per cent.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

Capital Gains

Italian resident OBG holders

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by Italian resident holder who is (i) an individual, not engaged in entrepreneurial activities to which the OBG are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, on any sale or transfer for consideration of the OBG or redemption thereof. In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the OBG if the OBG are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016. To date, lacking official clarifications on how to apply these rules, it is uncertain if the OBG may benefit from this specific regime.

Under the so called "tax declaration regime", which is the standard regime for taxation of capital gains realised by Italian resident holders under (i) to (iii) above, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised by Italian resident individuals not engaged in entrepreneurial activities pursuant to investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year. Pursuant to Law Decree No. 66 of 24 April 2014, as converted with amendments by Law 23 June 2014, No. 89 ("**Law No. 89**"), capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Alternatively to the tax declaration regime, holders of the OBG under (i) to (iii) above may elect to pay the 26% *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the OBG ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the OBG being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express

election for the so-called *risparmio amministrato* regime being timely made in writing by the relevant holder of the OBG. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the OBG, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the holder of the OBG, deducting a corresponding amount from proceeds to be credited to the holder of the OBG. Where a sale or transfer or redemption of the OBG results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the OBG within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Pursuant to Law No. 89, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014. Under the *risparmio amministrato* regime, the OBG holder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Special rules apply if the OBG are part of a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary. In that case, the capital gains realised upon sale, transfer or redemption of the OBG will not be subject to *imposta sostitutiva* on capital gains but will contribute to determine the taxable base of the Asset Management Tax applicable at the rate of 26 per cent.

In particular, under the Asset Management Option, any appreciation of the OBG, even if not realised, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at yearend may be carried forward against appreciation accrued in each of the following years up to the fourth. Pursuant to Law No. 89, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92 per cent. of the depreciations in value registered from 1 January 2012 to 30 June 2014. Also under the Asset Management Option, the realised capital gain is not requested to be included in the annual income tax return of the OBG holder and the OBG holder remains anonymous.

The capital gains realised by an Italian Fund are not subject to *imposta sostitutiva* nor to any other income tax in the hands of the relevant Italian Fund. The Collective Investment Fund Tax may apply in certain circumstances on distributions made in favour of unitholders or shareholders.

Any capital gains accrued to OBG holders who are Italian pension funds subject to the regime provided by Article 17 of Decree No. 252, as subsequently amended will be included in the computation of the taxable basis of Pension Fund Tax.

The capital gains realised by Italian Real Estate Funds and Italian Real Estate SICAFs to which the provisions of Law Decree No. 351 apply are not subject to *imposta sostitutiva* nor to any other income tax in the hands of the Italian Real Estate Fund or the Italian Real Estate SICAF. A withholding tax may apply in certain circumstances at the rate of 26 per cent on distributions made by Italian Real Estate Funds or Italian Real Estate SICAFs and, in certain cases, a tax transparency

regime may apply in respect of certain categories of investors in the Italian Real Estate Fund or Italian Real Estate SICAFs owning more than 5 per cent of the relevant units or shares.

Any capital gains realised by Italian resident individuals carrying out a commercial activity to which the OBG are connected or Italian resident companies or similar commercial entities or permanent establishments in Italy of non-Italian resident companies to which the OBG are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Non-Italian resident OBG holders

The 26 per cent. final "*imposta sostitutiva*" may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the OBG by non-Italian resident persons or entities without a permanent establishment in the Republic of Italy to which the OBG are effectively connected, if the OBG are held in the Republic of Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the OBG are effectively connected through the sale for consideration or redemption of the OBG are exempt from taxation in Italy to the extent that the OBG are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a self-assessment (*autocertificazione*) of non-residence in Italy) with the Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the OBG are deposited, even if the OBG are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the OBG are not listed on a regulated market in Italy or abroad:

(a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the OBG with no permanent establishment in Italy to which the OBG are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the OBG if they are resident, for tax purposes, in a White List State. The same exemption applies in case the beneficial owners of the OBG are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State; and

(b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the OBG are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of OBG 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 sale for consideration or redemption of OBG.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the OBG are effectively connected hold OBG with an Italian authorised financial

intermediary and elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, in order to benefit from exemption from Italian taxation on capital gains such non-Italian residents may be required to file in time with the authorised financial intermediary appropriate documents, which include *inter alia*, a certificate of residence from the competent tax authorities of the country of residence of the non-Italian residents.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to OBG deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident OBG holders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Inheritance and gift tax

Pursuant to Law Decree No. 262 of 3 October 2006, converted with amendments by Law No. 286 of 24 November 2006 effective from 29 November 2006, and Law No. 296 of 27 December 2006, the transfers of any valuable assets (including the OBG) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

(a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);

(b) 6 per cent. if the transfer if made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);

(c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and

(d) 8 per cent. in all other cases.

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

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of € 200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 13 of the tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Decree No. 642**"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a OBG holder in respect of any OBG which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20 per cent.; 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 OBG held. The stamp duty cannot exceed € 14.000.00 if the OBG holder is not an individual.

The stamp duty applies both to Italian resident and non-Italian resident OBG holders, to the extent that OBG are held with an Italian-based financial intermediary.

Wealth Tax on securities deposited abroad

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals holding the OBG outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent. In this case, the abovementioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does not apply.

This tax is calculated on the market value of the OBG 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).

Tax Monitoring

According to the Law Decree No. 167 of 28 June 1990, converted with amendments by Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax the amount of investments (including the OBG) directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to OBG deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, on the condition that the items of income derived from the OBG have been subject to tax by the same intermediaries and with respect to foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a €15,000 threshold throughout the year.

EU Directive on Administrative Cooperation in the field of Taxation

On July 9, 2015, the Italian Parliament adopted Law No. 114 delegating the Italian Government to implement in Italy certain EU Council Directives, including Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). Such Directive is aimed at broadening the scope of the operational mechanism of intra-EU automatic exchange of information in order to fight cross-border tax fraud and evasion.

Following implementation of said Directive, the Italian Authorities may communicate to other EU Member States information about interest and other categories of financial income of Italian source, including income from the OBG.

The Italian government implemented the above-mentioned Council Directive 2014/107/EU in the Ministerial Decree issued by the Ministry of Finance on 28 December 2015, as amended by the Ministerial Decree on 17 January 2017.

In 2016 the Italian Parliament has also delegated the Italian Government to implement the provisions introduced by the Council Directive 2376/2015/EU on the mandatory automatic exchange of information in the field of taxation. The Council Directive 2376/2015/EU has been implemented by the Legislative Decree No. 32 of 15 March 2017.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Estonia, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the OBG (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

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

The FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the OBG are advised to seek their own professional advice in relation to the FTT.

LUXEMBOURG TAXATION

The following overview is of a general nature and is included herein solely for information purposes. It 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. Prospective investors in the OBG should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the OBG holders

Withholding Tax

Non-resident OBG holders

Under Luxembourg general tax law currently in force no withholding tax is levied either on payments of principal, premium or interest made to non-residents OBG holders, or on accrued but unpaid interest In respect of OBG, no Luxembourg withholding tax is payable upon redemption or repurchase of OBG held by non-resident OBG holders.

In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income as from 1 January 2015. Payments of interest by Luxembourg paying agents to non-resident individual OBG holders are thus no longer subject to any Luxembourg withholding tax.

Resident OBG holders

In accordance with the law of 23 December 2005, as amended (the "**Relibi Law**"), interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 20 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

Income Taxation

Non-resident OBG holders

Non-resident corporate OBG holders or non-resident individual OBG holders acting in the course of the management of a professional or business undertaking, who do not have a permanent establishment or permanent representative in Luxembourg to which such OBG are attributable, are not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the OBG or on any gains realised upon the sale or disposal, in any form whatsoever, of the OBG.

Resident OBG holders

A resident corporate OBG Holder must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the OBG, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual OBG Holder, acting in the course of the management of a professional or business undertaking.

An OBG Holder that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 on reserved alternative funds (provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies), is neither subject to Luxembourg income tax in respect of interest accrued or received, redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the OBG.

A resident individual OBG Holder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the OBG, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual OBG Holder has opted for the application of a 20 per cent. (self-applied) tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State). A gain realised by an individual OBG Holder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of the OBG is not subject to Luxembourg income tax, unless the disposal of OBG precedes the acquisition of the OBG or this sale or disposal took place more than six months after the OBG were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if a withholding tax has been levied on such interest in accordance with the Relibi Law.

Net Wealth Taxation

A corporate OBG Holder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such OBG are attributable, is subject to Luxembourg net wealth tax on these OBG, except if the OBG Holder is governed by (i) the law of 11 May 2007 on family estate management companies, as amended, (ii) the law of 17 December 2010 on undertakings for collective investment, as amended, (iii) the law of 13 February 2007 on specialised investment funds, as amended, (iv) the law of 22

March 2004 on securitisation, as amended, (v) the law of 15 June 2004 on venture capital vehicles, as amended, or (vi) the law of 23 July 2016 on reserved alternative investment funds.

An individual OBG Holder, whether she/he is resident of Luxembourg or not, is not subject to Luxembourg wealth tax.

Further to the law dated 18 December 2015, Luxembourg levies a minimum net wealth tax for corporate taxpayers, which is due even if the net asset value of the corporate taxpayer is nil or negative. This minimum net wealth tax amounts to a EUR 4,815 flat rate for corporate taxpayers whose total assets amount to at least EUR 350,000 and at least 90% of the corporate taxpayer's assets are financial assets falling within the meaning of accounts 23, 41, 50 and 51 of the Luxembourg Plan Comptable Normalisé.

In all other cases, corporate taxpayers are subject to a minimum net wealth tax ranging from EUR 535 to EUR 32,100. All Luxembourg corporate taxpayers that are subject to net wealth tax are also subject to minimum net wealth tax.

Additionally, please note that securitization companies governed by the law of 22 March 2004 on securitization, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 (provided it is foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies) and which fall under the special tax regime set out under article 48 thereof may be subject to minimum net wealth tax.

Other Taxes

Neither the issuance nor the transfer of OBG will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties, unless the documents relating to the OBG are voluntarily registered in Luxembourg or appended to a document that requires obligatory registration in Luxembourg.

Where a OBG Holder is a resident of Luxembourg for tax purposes at the time of her/his death, the OBG are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of OBG if embodied in a Luxembourg deed or recorded in Luxembourg.

SUBSCRIPTION AND SALE

OBG may be sold from time to time by the Issuer to any one or more of the Dealer(s). The arrangements under which any Series or Tranche of OBG may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealer(s) are set out in a dealer agreement dated 19 January 2012, as amended from time to time, (the "**Dealer Agreement**") and entered into between the Issuer, the OBG Guarantor and the Initial Dealer. The Dealer Agreement also contains a *pro forma* subscription agreement to be entered into in relation to OBG issued on a syndicated basis. On or prior to the relevant Issue Date, the Issuer, the Dealer(s) who are parties to such subscription agreement (the "**Relevant Dealers**") and the Representative of the OBG Holders will enter into a subscription agreement (each a "**Subscription Agreement**"), under which the Relevant Dealers will agree to subscribe for the relevant Series or Tranche of OBG, subject to the conditions set out therein. The relevant Subscription Agreement together with the Dealer Agreement will, *inter alia*, make provision for the terms and conditions of the relevant Series or Tranche of OBG, the price at which such Series or Tranche of OBG will be purchased by the Relevant Dealers and the commissions or other agreed deductibles (if any) payable by the Issuer in respect of such purchase.

The Dealer(s) and their affiliates have engaged, an may in the future engage, in investment banking and/or commercial banking transactions, with, and may perform other services for, the Issuer and the OBG Guarantor and their respective affiliates in the ordinary course of business.

The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealer(s) and for the appointment of additional or other Dealer(s) either generally in respect of the Programme or in relation to a particular Series of OBG.

United States of America: *Regulation S Category 2.*

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

In addition, until 40 days after the commencement of the offering of OBG comprising any Tranche, any offer or sale of OBG within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any OBG specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any OBG which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the OBG to be offered so as to enable an investor to decide to purchase or subscribe the OBG.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any OBG specifie "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of OBG which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such OBG to the public in that Relevant Member State:

(a) at any time to a legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time 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) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of OBG referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of OBG to the public" in relation to any OBG 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 OBG to be offered so as to enable an investor to decide to purchase or subscribe the OBG, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and 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 each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed that:

(a) *general compliance*: it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the OBG in, from or otherwise involving the United Kingdom; and

(b) *financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the OBG in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the OBG Guarantor.

Republic of Italy

The offering of the OBG has not been registered pursuant to Italian securities legislation and, accordingly, no OBG may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the OBG be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the OBG or distribution of copies of this Prospectus or any other document relating to the OBG in the Republic of Italy under (a) or (b) 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 the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**"); and

(b) in compliance with Article 129 of the Italian 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 any other Italian authority.

Japan

The OBG have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Law of Japan**") and, accordingly, each Dealer has undertaken that it will not offer or sell any OBG

directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers OBG or possesses, distributes or publishes this Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver OBG or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Prospectus.

GENERAL INFORMATION

Listing, admission to trading and minimum denomination

Application has been made for the OBG issued under the Programme to be admitted to the official list and be traded on the regulated market of the Luxembourg Stock Exchange.

OBG may be listed on such other stock exchange as the Issuer and the Relevant Dealer(s) may agree, as specified in the relevant Final Terms, or may be issued on an unlisted basis.

The OBG will not have a denomination of less than €100,000.

Authorisations

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer on 16 December 2011. The publication of this Prospectus was authorised by a resolution of the Board of Directors of the Issuer on 10 January 2017.

The granting of the OBG Guarantee was authorised by a resolution of the quotaholders' meeting of the OBG Guarantor on 11 January 2012.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the OBG.

Clearing of the OBG

The OBG will be issued in bearer and in dematerialised form and held on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders (including Euroclear and Clearstream). The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant OBG for clearance together with any further appropriate information.

Common codes and ISIN numbers

The appropriate common code and the International Securities Identification Number in relation to the OBG of each Series will be specified in the relevant Final Terms relating thereto.

The Representative of the OBG Holders

Pursuant to the provisions of the Conditions and the Rules of Organisation of the OBG Holders, there shall be at all times a Representative of the OBG Holders appointed to act in the interest and behalf of the OBG Holders. The initial Representative of OBG Holders shall be Securitisation Services S.p.A. Securitisation Services S.p.A. shall be appointed by the Dealers in accordance with the Dealer Agreement and the relevant Subscription Agreements.

No material litigation

Save as described in the section "*Description of the Issuer – Legal and Arbitration Proceedings and proceedings connected to actions of the supervisory authorities*" on page 174 of this Prospectus, in the 2016 UniCredit Annual Report and in the June 2016 Financial Statements, none of the Issuer or the OBG Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending

or threatened of which the Issuer or the OBG Guarantor is aware) in the 12 months preceding the date of this document which, according to the information available at present, may have or have had in such period a significant effect on the financial position or profitability of the Issuer, the OBG Guarantor or the Group.

No material adverse change

There has been no significant change in the financial and trading position or in the prospects of the OBG Guarantor, since 31 December 2016 and there has been no material adverse change in the prospects of the OBG Guarantor since 31 December 2016.

There has been no significant change in the financial position of the Issuer and the Group since 31 March 2017 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2016. The Issuer recorded a non-recurring negative impact of €13.1 billion on its net income resulting from the impact of certain actions provided for in the Strategic Plan. Consequently, the Group was temporarily breaching the Combined Buffer requirements and it was hence subject to distribution restrictions. Following the successful completion of the €13 billion Rights Offering on 2 March 2017, UniCredit fully restored all the applicable requirements.

Luxembourg Listing Agent

The Issuer has undertaken to maintain a listing agent in Luxembourg so long as OBG are listed on the Luxembourg Stock Exchange.

Documents available for inspection

For so long as the Programme remains in effect or any OBG shall be outstanding and listed on the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Issuer and the Representative of the OBG Holders, namely:

(i) the Transaction Documents (including the OBG Guarantee);

(ii) Issuer's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;

(iii) OBG Guarantor's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;

(iv) Issuer's consolidated Interim Report as at 31 March 2017;

(v) Issuer's consolidated Interim Report as at 31 March 2016;

(vi) audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2016;

(vii) audited consolidated financial statements of the UniCredit Group (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2015;

(viii) Issuer's unaudited condensed interim consolidated financial statements (including review report) as of and for the six months ended 30 June 2016;

(ix) audited financial statements of the OBG Guarantor (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2016;

(x) audited financial statements of the OBG Guarantor (including the auditors' report thereon and notes thereto) as of and for the year ended 31 December 2015;

(xi) a copy of this Prospectus together with any supplement thereto, if any, or further Prospectus;

(xii) any reports, letters, balance sheets, valuations and statements of experts included or referred to in the Prospectus (other than consent letters);

(xiii) any Final Terms relating to OBG which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any OBG which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant OBG Holders;

(xiv) any document incorporated by reference.

The documents mentioned under (i) to (xiii) (with the exception of (xi)) may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent.

Copies of all such documents shall also be available to OBG Holders at the Specified Office of the Representative of the OBG Holders.

Financial statements available

For so long as the Programme remains in effect or any OBG listed on the Luxembourg Stock Exchange shall be outstanding, copies and, where appropriate, English translations of the most recent publicly available (i) financial statements and consolidated financial statements of the Issuer and (ii) financial statements of the OBG Guarantor may be obtained during normal business hours at the specified office of the Luxembourg Listing Agent.

The external auditors have given, and have not withdrawn, their consent to the inclusion of their report on the accounts of the Issuer in this Prospectus in the form and context in which it is included.

Publication on the Internet

This Prospectus, any supplement thereto and, in respect of listed OBG only, the Final Terms will be available on the internet site of the Luxembourg Stock Exchange, at www.bourse.lu.

Auditors

Deloitte & Touche S.p.A., a company incorporated under the laws of Italy, enrolled with the Companies' Register of Milan under number 03049560166 and registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by Minister of Economy and Finance effective from 7 June 2004 with registration number no: 132587, having its registered office at via Tortona 25, 20144 Milan, Italy, ("**Deloitte**") are the current auditors of the Issuer and the OBG Guarantor. Deloitte is also a member of Assirevi – Associazione Italiana Revisori Contabili, the Italian association of auditing firms.

Deloitte audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer and on the financial statements of the OBG Guarantor for the years ended, respectively, on 31 December 2015 and 31 December 2016.

INDEX OF DEFINED TERMS

THE ISSUER, SERVICER, SELLER AND ACCOUNT BANK

UniCredit S.p.A.
Via A. Specchi, 16
00186 Rome
Italy

REPRESENTATIVE OF THE OBG HOLDERS

Securitisation Services S.p.A.
Via Alfieri 1
31015 Conegliano, Treviso
Italy

CALCULATION AGENT

UniCredit Bank AG, London Branch
Moor House
120 London Wall
London, EC2Y 5ET
United Kingdom

ADDITIONAL CALCULATION AGENT

Capital and Funding Solutions S.r.l.
Via Guglielmo Marconi, 123
24020 Ranica (BG)
Italy

PAYING AGENT

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Piazza Lina Bo Bardi, 3
20124 Milan
Italy

SOLE ARRANGER

UniCredit Bank AG, London Branch
Moor House
120 London Wall
London, EC2Y 5ET
United Kingdom

DEALER

UniCredit Bank AG
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D-80333 Munich
Federal Republic of Germany

LUXEMBOURG LISTING AGENT

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L – 1855
Luxembourg

LEGAL ADVISERS

To the Sole Arranger and Dealer

Chiomenti Studio Legale
Via XXIV Maggio, 43
00187 – Roma
Italy

To the Issuer

Studio Legale Associato in association with Linklaters LLP
Via Broletto, 9
20121 – Milan
Italy