



**UNICREDIT S.p.A.**

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

and

**UNICREDIT BANK IRELAND p.l.c.**

(incorporated with limited liability in Ireland under registered number 240551)

and

**UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) S.A.**

(incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B.103.341)

**unconditionally and irrevocably guaranteed by**

**UNICREDIT S.p.A.**

**in the case of Notes issued by UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A.**

**€60,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME**

Under the €60,000,000,000 Programme (the **Programme**) described in this document (the **Prospectus**), UniCredit S.p.A. (**UniCredit** or the **Parent**), UniCredit Bank Ireland p.l.c. (**UniCredit Ireland**) and UniCredit International Bank (Luxembourg) S.A. (**UniCredit International Luxembourg**) (each an **Issuer** and together the **Issuers**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). The payment of all amounts due in respect of Notes issued by UniCredit Ireland and by UniCredit International Luxembourg (the **Guaranteed Notes**) will be unconditionally and irrevocably guaranteed by UniCredit (in such capacity, the **Guarantor**).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €60,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

Notes issued under the Programme will have a minimum denomination of €1,000.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Summary of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.**

Applications have been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the laws of Luxembourg, for the approval of this document as three base prospectuses in accordance with Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) and Article 8.4 of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**). The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuers in accordance with Article 7.7 of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange’s regulated market (as contemplated by Directive 2004/39/EC) and to be listed on the Official List

of the Luxembourg Stock Exchange. Application may also be made for notification to be given to competent authorities in other Member States of the European Economic Area in order to permit Notes issued under the Programme to be offered to the public and admitted to trading on regulated markets in such other Member States in accordance with the procedures under Article 18 of the Prospectus Directive.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the Official List of the Luxembourg Stock Exchange, will be filed with the CSSF.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuers, the Guarantor and the relevant Dealer. The Issuers may also issue unlisted Notes and/or Notes not admitted to trading on any market.

As more fully set out in “*Terms and Conditions of the Notes – Taxation*”, in the case of payments by UniCredit as Issuer or (in the case of Guaranteed Notes) as Guarantor, additional amounts will not be payable to holders of the Notes or of the interest coupons appertaining to the Notes (the **Coupons**) with respect to any withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as amended or supplemented) and related regulations of implementation which have been or may subsequently be enacted (**Decree 239**). In addition, certain other (more customary) exceptions to the obligation of the relevant Issuer and (in the case of Guaranteed Notes) the Guarantor to pay additional amounts to holders of the Notes with respect to the imposition of withholding or deduction from payments relating to the Notes also apply, also as more fully set out in “*Terms and Conditions of the Notes – Taxation*”.

Except with respect to the information set out in this Prospectus under the heading “*Book Entry Clearance Systems*”, each of UniCredit and (insofar as the contents of this Prospectus relate to it) UniCredit Ireland and UniCredit International Luxembourg, having made all reasonable enquiries, confirms that this Prospectus contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. UniCredit, UniCredit Ireland and UniCredit International Luxembourg accept responsibility accordingly.

The information relating to each of the Depository Trust Company (DTC), Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) has been accurately reproduced from information published by each of DTC, Euroclear and Clearstream, Luxembourg respectively. So far as each of UniCredit, UniCredit Ireland and UniCredit International Luxembourg is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information misleading.

The Issuers and the Guarantor may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to this Prospectus, if required, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Any person (an **Investor**) intending to acquire or acquiring any securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, an Issuer may be responsible to the Investor for the Prospectus only if that Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with an Issuer. If the Offeror is not acting in association with an Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice.

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The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), and whether such credit rating agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation, will be disclosed in the Final Terms. Please also refer to “*Credit ratings may not reflect all risks*” in the “*Risk Factors*” section of this Prospectus.

As at the date of this Prospectus, UniCredit Bank (Ireland) p.l.c. is making a public offer of up to Euro 750,000,000 Step up Bonds due December 2015 (the **Public Offer**) in Luxembourg and Germany. The Public Offer was launched under the base prospectus dated 21 July 2011 as supplemented (the **2011 Prospectus**), and is entirely managed under the 2011 Prospectus.

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*Arranger*  
UBS INVESTMENT BANK

*Co-Arranger*  
UNICREDIT BANK

*Dealers*

Barclays  
BofA Merrill Lynch  
Credit Suisse  
Goldman Sachs International  
Morgan Stanley  
Société Générale Corporate & Investment Banking

UniCredit Bank

BNP PARIBAS  
Crédit Agricole CIB  
Deutsche Bank  
J.P. Morgan  
The Royal Bank of Scotland  
UBS Investment Bank

The date of this Prospectus is 26 June 2012.

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This document constitutes three base prospectuses: (a) the base prospectus for UniCredit in respect of non-equity securities within the meaning of Article 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 (Non-Equity Securities); (b) the base prospectus for UniCredit Ireland in respect of Non-Equity Securities; and (c) the base prospectus for UniCredit International Luxembourg in respect of Non-Equity Securities (together, the *Prospectus*).

The Issuers and the Guarantor (the *Responsible Persons*) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Responsible Persons, each having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

The previous paragraph should be read in conjunction with the last paragraph on page 2 of this Prospectus.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus (and, therefore, acting in association with the relevant Issuer) in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer(s) or Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Copies of the Final Terms will be available from the registered office of the relevant Issuer and the specified office set out below of each of the Paying Agents (as defined below) and on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

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

No representation, warranty or undertaking, express or implied, is made by any of the Dealers or any of their respective affiliates or the Trustee and no responsibility or liability is accepted by any of the Dealers or by any of their respective affiliates or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or of any other information provided by the Issuers or the Guarantor in connection with the Programme. No Dealer or any of their respective affiliates or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuers or the Guarantor in connection with the Programme. 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 Issuers 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.

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

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

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers and the 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 Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale and Transfer and Selling Restrictions*”). See “*Form of the Notes*” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuers, the Guarantor, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, Japan and the European Economic Area (including the United Kingdom, the Republic of Italy, Ireland, France, the Federal Republic of Germany, Luxembourg and Austria). See “*Subscription and Sale and Transfer and Selling Restrictions*”.

This Prospectus has been prepared on the basis that, except to the extent subparagraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in

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accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and each Issuer has consented in writing to its use for the purpose of such offer. Except to the extent subparagraph (ii) above may apply, none of the Issuers, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuers, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.

This Prospectus has not been submitted for clearance to the *Autorité des Marchés financiers* in France.

## **U.S. INFORMATION**

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

This Prospectus may be distributed on a confidential basis in the United States to a limited number of “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (QIBs) or Institutional Accredited Investors (each as defined under “*Form of the Notes*”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

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

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (**Rule 144A**) or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Purchasers of Definitive IAI Registered Notes will be required to execute and deliver an IAI Investment Letter (as defined under “*Terms and Conditions of the Notes*”). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or of any Notes issued in registered form in exchange or substitution therefor (together, the **Legended Notes**) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

## **Notice to New Hampshire Residents**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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## **Available Information**

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuers and the Guarantor have undertaken in a deed poll dated 26 June 2012 (the **Deed Poll**) to furnish, upon the request of a holder of such Notes or of any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144A(a)(3) of the Securities Act and the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## **Service of Process and Enforcement of Civil Liabilities**

The Issuers and the Guarantor are corporations organised under the laws of Ireland (in the case of UniCredit Ireland), Luxembourg (in the case of UniCredit International Luxembourg) and the Republic of Italy (in the case of UniCredit). All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of each Issuer and the Guarantor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Ireland (in relation to UniCredit Ireland), Luxembourg (in relation to UniCredit International Luxembourg) or the Republic of Italy (in relation to UniCredit) upon the relevant Issuer or the Guarantor or such persons, or to enforce judgments against them obtained in courts outside Ireland (in relation to UniCredit Ireland), Luxembourg (in relation to UniCredit International Luxembourg) or the Republic of Italy (in relation to UniCredit) predicated upon civil liabilities of such Issuer or the Guarantor or of such directors and officers under laws other than Irish law (in relation to UniCredit Ireland), Luxembourg law (in relation to UniCredit International Luxembourg) or Italian law (in relation to UniCredit), including any judgment predicated upon United States federal securities laws.

All references in this document to **U.S. dollars**, **USD**, **U.S.\$** and **\$** refer to the currency of the United States of America and references to **Sterling** and **£** refer to pounds sterling. In addition, references to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (the **EC Treaty**), as amended.

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, will be carried out in accordance with all applicable laws and regulations and 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 Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

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## Summary of the Programme

This Summary must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this summary.

The following summary is qualified in its entirety by the remainder of this Prospectus.

### Issuers:

UniCredit S.p.A. (**UniCredit**)

UniCredit Bank Ireland p.l.c. (**UniCredit Ireland**)

UniCredit International Bank (Luxembourg) S.A. (**UniCredit International Luxembourg**)

UniCredit is a bank corporation organised and existing under the laws of Italy and is the parent holding company of the UniCredit Group (the **Group**), a full-service financial services group engaged in a wide range of banking, financial and related activities throughout Italy and certain Central and Eastern European countries. Its registered office is at Via A. Specchi 16, 00186, Rome, Italy and has fiscal code and VAT number 00348170101. UniCredit’s principal centre of business is at Piazza Cordusio, 20123, Milan, Italy, telephone number +39 02 8862 8715 (*Investor Relations*).

UniCredit Ireland is a public limited company registered with the Registrar of Companies in Dublin under registration number 240551 and has its registered office at La Touche House, International Financial Services Centre, Dublin 1, Ireland, telephone number +353 1 670 2000. UniCredit Ireland is a fully owned subsidiary of UniCredit and is engaged in the business of banking and the provision of financial services.

UniCredit International Luxembourg is a public limited company (*société anonyme*) registered with the Luxembourg trade and companies register under the number B.103.341 and has its registered office at 8-10 rue Jean Monnet, L-2180 Luxembourg, telephone number +352 22 08 42 1 (*Switchboard*). UniCredit International Luxembourg is a fully owned subsidiary of UniCredit and is engaged in the business of banking and the provision of financial services. UniCredit International Luxembourg is a Luxembourg credit institution and is supervised by the CSSF.

### Guarantor:

Notes issued by UniCredit Ireland and UniCredit International Luxembourg will be guaranteed by UniCredit.

### Risk Factors:

There are certain factors that may affect the Issuers’ ability to fulfil their obligations under Notes issued under the Programme. These are set out under “*Risk Factors*” below and include risks associated with adverse macroeconomic and market conditions, the exposure of the Group to liquidity risks and credit risks and the Group’s expansion into Central and Eastern Europe.

Holders of the Notes issued under the Programme are exposed to several risks in relation to the Notes, for example risks of change in currency exchange rates, liquidity risks, risks of early redemption, risks of change in market interest rates, and risks of volatile market price or indexes or underlying assets in the case of Index Linked Notes, and risks of deferral of interest payments having an adverse effect on market price in the case of Subordinated Notes and the fact that the Notes may not be a suitable investment for all investors.

The results of the Group are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Europe and in the other markets in which the Group operates influence the Group's performance.

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| <b>Description:</b>          | Euro Medium Term Note Programme                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Arranger:</b>             | UBS Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Co-Arranger:</b>          | UniCredit Bank AG                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Dealers:</b>              | Barclays Bank PLC<br>BNP Paribas<br>Crédit Agricole Corporate and Investment Bank<br>Credit Suisse Securities (Europe) Limited<br>Deutsche Bank AG, London Branch<br>Goldman Sachs International<br>J.P. Morgan Securities Ltd.<br>Merrill Lynch International<br>Morgan Stanley & Co. International plc<br>The Royal Bank of Scotland plc<br>Société Générale<br>UBS Limited<br>UniCredit Bank AG<br>and any other Dealers appointed from time to time in accordance with the Tenth Amended and Restated Programme Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Certain Restrictions:</b> | <p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "<i>Subscription and Sale and Transfer and Selling Restrictions</i>") including the following restrictions applicable at the date of this Prospectus.</p> <p><b>Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year:</b></p> <p>Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See "<i>Subscription and Sale</i>".</p> |
| <b>Programme Size:</b>       | Up to €60,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  | Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Distribution:</b>                             | Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Rule 144A Option:</b>                         | Registered Notes may be freely traded amongst “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (QIBs) in accordance with Rule 144A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Institutional Accredited Investor Option:</b> | Registered Notes may be privately placed with Institutional Accredited Investors pursuant to Regulation D and may be traded in accordance with Section 4 of the Securities Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Issuing and Principal Paying Agent:</b>       | Citibank, N.A., London Branch or such other agent(s) specified in the applicable Final Terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Trustee:</b>                                  | <p>Citicorp Trustee Company Limited.</p> <p>The Trustee provides professional trustee services and will act as trustee under the Trust Deed for the benefit of the Noteholders, the Receipholders and the Couponholders.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Registrar:</b>                                | Citigroup Global Markets Deutschland AG.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Transfer Agents:</b>                          | Citibank, N.A., London Branch and KBL European Private Bankers S.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Currencies:</b>                               | Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuers and the relevant Dealer(s) (as indicated in the applicable Final Terms). Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Subordinated Notes:</b>                       | <p>Subordinated Notes issued by UniCredit may be issued as Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes or Tier III Subordinated Notes.</p> <p>Subordinated Notes issued by UniCredit Ireland may be issued as Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes.</p> <p>UniCredit International Luxembourg will not issue Subordinated Notes.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Redenomination:</b>                           | The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 6.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Maturities:</b>                               | <p>The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s), 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 by any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.</p> <p>Unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy’s requirements applicable to the issue of Subordinated Notes by UniCredit, (a) Upper Tier II Subordinated Notes must have a minimum maturity of ten years, (b) Lower Tier II Subordinated Notes must have a minimum maturity of five years and (c) Tier III Subordinated Notes must have a minimum maturity of two years.</p> <p>In the case of Subordinated Notes issued by UniCredit Ireland, unless otherwise permitted by current laws, regulations, directives and/or the Central Bank of Ireland requirements applicable to the issue of</p> |

Subordinated Notes, (a) Lower Tier II Subordinated Notes having a stated maturity must have a minimum maturity of at least five years (or, if issued for an indeterminate duration, redemption of such Notes may only occur subject to five years' notice of redemption being given or with the Central Bank of Ireland's consent, which will only be given where the request is made at UniCredit Ireland's initiative and UniCredit Ireland's solvency is not in question) and (b) Upper Tier II Subordinated Notes must be of indeterminate duration. See also "*Redemption*" below.

**Issue Price:** Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** The Notes may be issued in bearer or registered form as described in "*Form of the Notes*". Notes may not be issued or sold in the United States in bearer form, except in certain transactions permitted by U.S. tax regulations.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer(s).

**Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuers and the relevant Dealer(s).

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

**Index Linked Notes:** Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuers and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:** Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuers and the relevant Dealer(s) (as indicated in the applicable Final Terms).

**Dual Currency Notes:** Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuers and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| Zero Coupon Notes:   | Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Credit Linked Notes: | The amount of principal and/or interest (if any) payable in respect of Credit Linked Notes will be dependent on whether a Credit Event in respect of the Reference Entity has occurred (as indicated in the applicable Final Terms). The relevant Issuer may also issue First-to-Default Credit Linked Notes. The amount of principal and/or interest (if any) payable in respect of First-to-Default Notes will be dependent on whether a Credit Event in respect of two or more Reference Entities has occurred in relation to the first of any such Reference Entities (as indicated in the applicable Final Terms).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Redemption:          | <p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or, in the case of Subordinated Notes, for regulatory reasons (subject to the prior approval of the Bank of Italy and the Central Bank of Ireland, as applicable), or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.</p> <p>In the case of Upper Tier II Subordinated Notes issued by UniCredit, redemption at maturity may occur only with the prior approval of the Bank of Italy, which will take into account whether UniCredit maintains its minimum capital requirements (<i>patrimonio di vigilanza</i>) as set out in Bank of Italy Circular No. 263 of 27 December 2006 as amended and supplemented (<i>Nuove disposizioni di vigilanza prudenziale per le banche</i>) immediately following redemption of such Notes.</p> <p>In the case of Subordinated Notes issued by UniCredit, early redemption may occur only at the option of UniCredit and with the prior approval of the Bank of Italy.</p> <p>In the case of Subordinated Notes issued by UniCredit Ireland, (a) Upper Tier II Subordinated Notes (which will have no stated maturity) may only be redeemed at the initiative of UniCredit Ireland and with the prior agreement of the Central Bank of Ireland, (b) Lower Tier II Subordinated Notes having a stated maturity (which must be at least five years) may be redeemed on their Maturity Date or, if of indeterminate duration, may be redeemed where five years' notice of redemption has been given. Otherwise Lower Tier II Subordinated Notes may only be redeemed with the Central Bank of Ireland's consent, which will only be given where the request is made at UniCredit Ireland's initiative and UniCredit Ireland's solvency is not in question.</p> <p>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p> <p>Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "<i>Certain Restrictions – Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year</i>" above.</p> <p>Under Part II of the Prospectus Act 2005, which implements the Prospectus Directive in Luxembourg, prospectuses for the admission to trading of</p> |

money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II and do not need to be approved by the CSSF. Any offers to the public of such securities in Luxembourg would be subject to the prior approval of the CSSF of a simplified prospectus pursuant to Part III, Chapter 1 of the Prospectus Act 2005.

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or by any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions – Notes having a maturity of less than one year*” above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) and save that any Notes issued by UniCredit Ireland that: (i) will not be listed on any stock market and that mature within two years will have a minimum denomination of €500,000 or U.S.\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this Programme); and (ii) will not be listed on any stock exchange and that do not mature within two years will have a minimum denomination of €500,000 or its equivalent at the date of issuance.

**Taxation:**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by (a) the Republic of Italy, in the case of Notes issued by UniCredit and Guaranteed Notes, (b) Ireland, in the case of Notes issued by UniCredit Ireland and (c) Luxembourg, in the case of Notes issued by UniCredit International Luxembourg, subject to certain exceptions as further described in “*Terms and Conditions of the Notes – Taxation*” and under “*Taxation*”.

Interest, premium and capital gains paid under, or arising from, the Notes and received by Italian resident individuals or Italian non-commercial entities may be subject – in the cases, manners and terms envisaged by Legislative Decree No. 239 of 1 April 1996 (Decree 239) and Legislative Decree No. 461 of 21 November 1997, as subsequently amended and restated – to substitute taxes generally applicable at a rate of 20 per cent., as further described under “*Taxation*”. Neither UniCredit, UniCredit Ireland nor UniCredit International Luxembourg will be liable to pay any additional amounts to the Noteholders in relation to any such taxes.

All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, as provided in Condition 8.2.

**Absence of Negative Pledge:**

The terms of the Notes will not contain a negative pledge provision.

**Cross Default:**

The terms of the Senior Notes will contain a cross default provision as further described in Condition 13.

**Status of the Senior Notes and the Guarantee:**

Senior Notes, and the obligations of the Guarantor under the Guarantee (if any), will constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer or the Guarantor, as the case may be, and, in the case of the Senior Notes, will rank *pari passu* among themselves.

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| Status of the Subordinated Notes and the Guarantee: | Payments in respect of the Subordinated Notes and the obligations of the Guarantor under the Guarantee (if any), will constitute direct, unsecured and subordinated obligations of UniCredit or UniCredit Ireland or the Guarantor, as the case may be, and will rank <i>pari passu</i> among themselves, subject to certain special conditions applicable to Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes and Tier III Subordinated Notes issued by UniCredit or Upper Tier II Subordinated Notes and Lower Tier II Subordinated Notes issued by UniCredit Ireland.                                                                                                                                                                                                                                                      |
| Rating:                                             | The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the Final Terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Approval, listing and admission to trading:         | <p>Application has been made to the CSSF to approve this document as three base prospectuses. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the relevant Issuer and the relevant Dealer(s) in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p> |
| Governing Law:                                      | <p>The Notes will be governed by, and construed in accordance with, English law save that subordination provisions applicable to Subordinated Notes issued by UniCredit will be governed by, and construed in accordance with, Italian law and Subordinated Notes issued by UniCredit Ireland will be governed by, and construed in accordance with, Irish law.</p> <p>For the avoidance of doubt, with respect to Notes issued by UniCredit International Luxembourg, the provisions of Articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the <b>Companies Act 1915</b>) relating to meetings of Noteholders shall not apply.</p>                                                                                                                                                            |
| Selling Restrictions:                               | There are restrictions on the offer, sale and transfer of the Notes in the United States, Japan, the European Economic Area (including the United Kingdom, the Republic of Italy, Ireland, France, the Federal Republic of Germany, Luxembourg and Austria) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ".                                                                                                                                                                                                                                                                                                                                                                               |

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## Risk Factors

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

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

*Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuers nor the Guarantor represent that the factors described below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE RELEVANT ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME – FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE**

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

The UniCredit Group is subject to liquidity risk, i.e., the risk that it will be unable to meet its obligations, including funding commitments and deposit withdrawals, as they fall due. In this context, the procurement of liquidity for business activities and the ability to access long-term financing are necessary to enable the Group to meet its payment obligations in cash, scheduled or unscheduled, and avoid prejudice to its current activities and financial situation.

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

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

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

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

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

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

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

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

Furthermore, the general economic decline in the countries in which the Group operates has had, and could continue to have, adverse effects on its operations, financing costs, share price and the value of its assets and has led to, and could continue to lead to, additional costs relating to such devaluations and decreases in value.

All of the above could be further impacted by any measure taken with respect to the currencies of such countries as well as by political instability in such countries and/or the inability of the governments thereof to take prompt action to confront the financial crisis.

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

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

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

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

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

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

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

**The Group has significant exposure to European sovereign debt**

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

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

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

On 21 February 2012, the Greek Republic and the public sector (EU Member States and the International Monetary Fund – IMF) reached a mutual agreement which provided for an offer to swap old Greek bonds with new financial instruments. More specifically, these instruments consist of (i) European Financial Stability Facility (EFSF) notes with a face value of 15 per cent. of the exchanged bonds, (ii) new Greek government bonds with maturities between 10 and 30 years and a face value of 31.5 per cent. of the exchanged bonds and (iii) GDP-linked securities.

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

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

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

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

**Financial regulators have requested that UniCredit Group companies reduce their credit exposure to other UniCredit Group entities, particularly their upstream exposure to UniCredit, which could have a material adverse effect on the way in which the UniCredit Group funds its operations and provides liquidity to members of the Group**

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

financial risk hedging transactions. Due to the nature of this business, the intra-group credit exposure of UCB AG is volatile and can change significantly on a daily basis. In order to reduce the volatility in Intragroup exposure UCB AG and UniCredit SpA have entered into an ISDA Credit Support Annex (CSA). The Intra group Counterparty Exposure between UCB AG and UniCredit SpA has therefore been collateralised. Whilst this immunises the counterparty exposure, it creates additional intra group liquidity streams.

As a result of the ongoing global financial crisis, banking regulators in many of the jurisdictions in which the Group operates have sought, and continue to seek, to reduce the exposure of banks operating within their jurisdictions to other affiliated banks operating in jurisdictions over which they have no legal and/or regulatory control. This could have a material adverse effect on the way in which the UniCredit Group funds its operations and provides liquidity to members of the Group.

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

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

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

**Systemic risk could adversely affect the Group's business**

In light of the relative shortage of liquidity and relatively high funding costs that have prevailed in the interbank lending market since the onset of the global financial crisis, the Group is exposed to the risk that the financial viability (actual or perceived) of the financial institutions with whom, and the countries in which, it carries out its activities could deteriorate. The Group routinely executes a high volume of transactions with numerous counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Financial services institutions that transact with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships; concerns about the stability of any one or more of these institutions or the countries in which they operate could lead to significant constraints on the availability of liquidity (including completely frozen interbank funding markets), losses or other institutional failures. In addition, should one of the counterparties of a certain financial institution suffer losses due to the actual or perceived threat of default of a sovereign country, that counterparty may be unable to satisfy its obligations to the above financial institution. The above risks, commonly referred to as "systemic" risks, could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with whom the Group interacts on a daily basis, which in turn could adversely affect the Group's ability to raise new funding. The occurrence of any "systemic" risks could adversely affect the Group's results of operations, business and financial condition.

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

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

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

The Group is exposed to potential losses linked to such credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. This credit risk derives from the potential inability or refusal by customers to honour their contractual obligations under these transactions and the Group's consequent exposure to the risk that receivables from third parties owing money, securities or other assets to it will not be collected when due and must be written off (in whole or in part) due to the deterioration of such third parties' respective financial standing (counterparty risk). This risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending business and off-balance sheet business, for example when extending credit by means of a bank guarantee. Credit risks have historically been aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. As part of their respective businesses, entities of the Group operate in countries with a generally higher country risk profile than in their respective home markets (emerging markets). Entities of the Group hold assets located in such countries. The Group's future earnings could also be adversely affected by depressed asset valuations resulting from a deterioration in market conditions in any of the markets in which the Group companies operate. The above factors could also have a significant impact in terms of capital market volatility. As a result, volumes, revenues and net profits in banking and financial services business could vary significantly over time.

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

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

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

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

*Securitisations originated by the UniCredit Group*

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

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

- exposure from securitisations of derecognised assets: €1.0 billion;
- exposure from securitisations of assets not derecognised: €3.2 billion; and
- exposure from synthetic securitisations: €4.8 billion.

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

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

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

### *Conduits*

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

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

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

### *Other structured credit products in which the Group acts as investor*

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

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

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

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

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

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

of these assets and exposures, which may be materially different from the current or estimated fair value. Any of these factors could require the Group to recognise write-downs or realise impairment charges, any of which may adversely affect its financial condition and results of operations.

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

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

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

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

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

Although the global financial crisis has exacerbated certain of these risks and uncertainties in those CEE countries in which the Group operates, economic recovery in the region has been consolidating during 2012 and 2011, albeit at varying levels of significance. The timing of full economic recovery in some CEE countries remains however uncertain and subject to, among others, developments in Western European economies and the global economy as a whole.

In recent years, with the aim of managing the effects of the global financial crisis, the Group recapitalised certain of its subsidiaries in several CEE countries, including some of those in Ukraine and Kazakhstan. In addition, the Group recognised impairments to the goodwill related to the subsidiaries in Ukraine and Kazakhstan in 2008, 2010 and 2011.

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

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

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

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

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

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

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

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

The Group's Risk Management Division provides strategic direction and defines the risk management policies implemented, locally, by the Group's risk management entities. Some of the methods used to monitor and manage these risks involve observations of historic market conditions and the use of statistical models for identifying, monitoring, controlling and managing risk. However, these methods and strategies may be inadequate for the monitoring and management of certain risks, such as the risks attached to some complex financial products that are traded on unregulated markets (e.g. OTC derivatives), and, as a result, the Group could suffer greater losses than those contemplated by the methods or suffer losses not previously considered.

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

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

In order to ensure the integrity and accuracy of the above measurement and risk management models, the Group employs a governance policy that is consistent with current applicable regulations in each of the

markets in which it operates (for example, Bank of Italy, Circular No. 263 of 27 December 2006) as well as with international best practices.

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

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

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

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

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

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

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

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

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

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

The Group is subject to extensive regulation and supervision in all jurisdictions in which it operates, including by the Bank of Italy, BaFin, PFSA, FMA, the ECB, the EBA and the ESCB. The rules applicable to banks and funds are aimed at preserving the stability and solidity of banks and limiting their risk exposure. The Group is also subject to regulations applicable to financial services that govern, among other things, the

sale, placement and marketing of financial instruments as well as to those applicable to its bank-assurance activities. In particular, the Group is subject to the supervision of CONSOB, the Institute for the Supervision of Private Insurance and the FMA. The Issuer is also subject to the rules applicable to it as an issuer of shares listed on the Milan, Frankfurt and Warsaw Stock Exchanges.

The supervisory authorities mentioned above govern various aspects of the Group, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, the Group has in place specific procedures and internal policies. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect the Group's results of operations, business and financial condition. The above risks are compounded by the fact that, as at the date of this Prospectus, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

In particular, in the wake of the global financial crisis that began in 2008, the Basel Committee approved, in the fourth quarter of 2010, revised global regulatory standards on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards (the so-called Basel III). The Basel III framework adopts a gradual approach, with the requirements to be implemented over the period from 1 January 2013 to 31 December 2019 (some of the new requirements which are still in the course of being defined will have to be adopted by individual member states).

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

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

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

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

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

In addition, consistent with the exercise carried out by the Committee of European Banking Supervisors (CEBS) in 2010, the European Banking Authority in 2011 commenced a stress test over a sample of 90 European banks. The Group passed the stress test. Furthermore, in October 2011, the EBA in collaboration with other competent authorities, initiated a regulatory capital exercise with respect to 71 banks throughout Europe, including UniCredit. Based on 30 September 2011 data, UniCredit's capital requirements were estimated at €7,974 million (compared to the estimated €7,379 million calculated

in October 2011, which was based on figures as at 30 June 2011). The increase is due mainly to (i) the fact that the October exercise took into account the evaluation of sovereign debt securities held by the Group as at 30 June 2011 and (ii) the fact that the October exercise did not take into account the Group's economic results for the quarter ended 30 September 2011.

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

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

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

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

#### **Increased Capital Requirements**

Under the Basel III framework, new capital requirements will be phased in gradually starting from 2013 until 2019. Minimum Common equity tier 1 (CET1) will be increased from the current 2 per cent. of risk-weighted assets to 7.0 per cent. The 7.0 per cent. includes a "capital conservation buffer" of 2.5 per cent. to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. An additional "countercyclical buffer requirement" of 0-2.5 per cent. will be implemented according to national circumstances. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction. For each systemically important financial institutions (SIFIs) there will be additional buffer requirements. In this context, UniCredit has been included in the list of global systemically important banks (G-SIB). The additional loss absorbency requirement, determined according to specific indicators (size, interconnectedness, lack of substitutes for the services provided, global activity and complexity), will be phased-in in parallel with the capital conservation and countercyclical buffers, ie between 1 January 2016 and year end 2018, becoming fully effective on 1 January 2019. Before implementation on 1 January 2016, national jurisdictions will implement official regulations/legislations (expected in 2014).

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

On 6 June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the Crisis Management Directive or CMD). The stated aim of the draft CMD is to provide authorities

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

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

The draft CMD contemplates that it will be implemented in Member States by 31 December 2014 except for the bail in tool which is to be implemented by 1 January 2018.

The powers currently set out in the draft CMD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative procedure. As such, it is too early to anticipate the full impact of the draft directive but there can be no assurance that, once it is agreed upon and implemented, Noteholders will not be adversely affected by actions taken under it. In addition, there can be no assurance that, once the draft CMD is agreed upon and implemented, its application will not have a significant impact on the Group's results of operations, business, assets, cash flows and financial condition, as well as on funding activities carried out by the Group and the products and services offered by the Group.

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

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

In addition, recent acquisitions and organisational restructuring in Italy, Germany, Austria and Central and Eastern Europe, has led to the integration of the information, internal audit and accounting systems of the companies acquired, some of which were profoundly different from those used by the Group. As at 21 December 2011, the Group's commercial banking activities in Italy and Germany are integrated on the EuroSIG platform, which is currently in the process of being implemented in Austria.

While the Group actively employs procedures to contain and mitigate operational risk and related adverse effects, the occurrence of certain unforeseeable events, wholly or partly out of the Group's control, could substantially limit their effectiveness. As a result, there can be no assurance that the Group will not suffer future material losses due to the inadequacy or failure of the above procedures. The occurrence of one or more of above risks could adversely affect the Group's results of operations, business and financial position.

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

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

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

In particular, the Italian market represents the main market in which the Group operates. As at 31 December 2011, 50 per cent. of direct funding and 44 per cent. of the revenues of the Group is related to the Italian market.

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

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

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

### **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 Italia S.r.l. (**Standard & Poor's**). In determining the rating assigned to UniCredit, these rating agencies consider and will continue to review various factors, including the Group's performance, UniCredit's profitability and its consolidated capital ratios. If one or more of these factors are not in line with rating agency expectations, this may result in a downgrade of UniCredit's rating by Fitch, Moody's or Standard & Poor's.

Any rating downgrades of UniCredit or other entities of the Group would 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.

A credit 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 relevant rating organisation.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (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 registered 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 list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies, their registration and ratings referred to in this Prospectus and/or the Final Terms, will be disclosed in the relevant Final Terms.

### **Risks in connection with legal proceedings**

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

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

To cover liabilities that may arise from pending lawsuits (other than those concerning employment matters, taxes or the recovery of loans), the Group has in place, as at 31 December 2011, a provision for risks and charges of €1,496 million. An estimated liability is based on information available from time to time, but it is also based on estimates because of the many uncertainties connected to litigation. Therefore, it is possible that provisions may be insufficient to fully deal with the charges, expenses, penalties, damages and other requests relating to pending proceedings, and, therefore the actual costs upon completion of pending proceedings may be significantly higher than previously anticipated. There are also proceedings, some of which have substantial amounts in issue, for which the Group did not consider it necessary to make, or for which the Group was not able to quantify, a provision.

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

**The Group is involved in pending tax proceedings**

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

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

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

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

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

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

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

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

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### **The Notes may not be a suitable investment for all investors**

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or in any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) 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 Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Neither the obligations of the Issuers under the Notes nor those of the Guarantor in respect of Notes issued by UniCredit Ireland or UniCredit International Luxembourg are covered by deposit insurance schemes in the Republic of Italy, Ireland or Luxembourg. Furthermore, neither Notes issued by UniCredit nor Notes issued by UniCredit Ireland or by UniCredit International Luxembourg will be guaranteed by, respectively, the Republic of Italy, Ireland or Luxembourg under any legislation that is or will be passed to address liquidity issues in the credit markets, including government guarantees or similar measures.

### **Risks related to the structure of a particular issue of Notes**

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

#### *Notes subject to optional redemption by the relevant Issuer*

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

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. 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 Notes 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.

In addition, if so specified in the applicable Final Terms, the relevant Issuer (UniCredit and/or UniCredit Ireland) may also, at its option, redeem Subordinated Notes following a regulatory event in accordance with Condition 9.3 (Redemption for regulatory reasons (Regulatory Call)). Any redemption of the Subordinated Notes is subject to the prior approval of the Bank of Italy in the case of Subordinated Notes issued by

UniCredit and of the Central Bank of Ireland and the Bank of Italy (where applicable or required) in the case of Subordinated Notes issued by UniCredit Ireland.

*Index Linked Notes and Dual Currency Notes*

The relevant Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or to other factors (each, a **Relevant Factor**). In addition, the relevant Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in the light of its particular circumstances.

*Credit Linked Notes – General risks relating to Credit Linked Notes*

Credit Linked Notes differ from ordinary debt securities in that the amount of principal and/or interest payable by the relevant Issuer is dependent on whether a Credit Event has occurred and that payments upon redemption (whether at maturity or earlier) may be linked to the value of the Reference Obligation(s) including, if applicable, the value of any related underlying hedging arrangements (which may include interest rate or cross-currency swaps). In certain circumstances the Notes will cease to bear interest and the value paid to the Noteholders at maturity may be less than their original investment and may in circumstances be zero. Accordingly, the Noteholders will be exposed to the credit of the Reference Entities to the full extent of their investment in the Notes. The relevant Issuer may issue Credit Linked Notes including Linear Basket Credit Linked Notes and First-to-Default Credit Linked Notes. With respect to Linear Basket Credit Linked Notes, if one of the Reference Entities experiences a Credit Event during the term of the Notes, there will be a proportionate reduction in the redemption amount due on maturity and on any future interest payments. Such Reference Entity will be removed from the basket but the Notes will otherwise remain outstanding until the Scheduled Maturity Date. First-to-Default Credit Linked Notes are linked to the performance of two or more Reference Entities where the relevant Issuer's obligation to pay principal may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Obligation(s) and/or to deliver the Reference Obligation(s), in each case, in relation to the First Reference Entity in respect of which a Credit Event has occurred. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in Credit Linked Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation. Noteholders will have no right to vote or exercise any other right or remedy with respect to any Reference Entity or any Reference Obligation.

There may exist at times only small or no market for Credit Linked Notes and the Reference Obligations to which the Notes are linked resulting in low or non-existent volumes of trading in the Notes and such Reference Obligations, and therefore a lack of liquidity and price volatility of the Notes and such Reference Obligations.

None of the Issuers, the Guarantor or any of their respective affiliates makes in respect of Credit Linked Notes any representation as to the credit quality of any Reference Entity. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to a Reference Entity, its respective affiliates or any guarantors, that is or may be material in the context of Credit Linked Notes. The issue of Credit Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or to any other party such information (whether or not confidential).

The market price of Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the maturity date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Each of the Issuers, the Guarantor or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any Reference Entity, its respective affiliates or any guarantor or any other person or entity having obligations relating to any Reference Entity or its respective affiliates or any guarantor in the same manner as if any Credit Linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any of its respective affiliates or any guarantor. In selecting any Reference Obligation, the Calculation Agent will not be liable to account to the Noteholders or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from such selection.

The relevant Issuer's obligations in respect of Credit Linked Notes, including Linear Basket Credit Linked Notes and First-to-Default Credit Linked Notes, are irrespective of the existence or amount of the relevant Issuer's or the Group's credit exposure to a Reference Entity, and the relevant Issuer and/or Group need not suffer any loss nor provide evidence of any loss as a result of a Credit Event.

*Credit Linked Notes – Risks relating to determinations made by the Credit Derivatives Determinations Committees*

In respect of a Credit Event relating to a Credit Linked Note, prospective purchasers should note that the Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an auction should take place in accordance with and as more fully described in the Rules. Consequently, the payments on the Notes and the timing of any such payments may be affected by any such relevant decisions if Auction Settlement is specified as the applicable Settlement Method for a series of Notes in the relevant Final Terms.

*Credit Linked Notes – Auction Settlement*

Any amounts payable by and/or rights and obligations of the parties under such Credit Linked Notes in respect of the relevant Reference Entity or Reference Obligation, will be determined in accordance with the Auction Final Price. Noteholders will be subject to the risk that where the Auction Final Price is used, this may result in a lower recovery value than a Reference Entity or Reference Obligation would have if such Auction Final Price had not been used.

*Credit Linked Notes – Auction Final Price and the Issuer's ability to influence the Auction Final Price*

If the Notes are redeemed following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms. There is a possibility that the Issuer, the Calculation Agent or one of their affiliates would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), neither the Calculation Agent nor the Issuer nor any of their affiliates shall be under an obligation to consider the interests of any Noteholder.

*Credit Linked Notes – Credit Event and Succession Event Backstop Dates*

In respect of a Credit Event relating to a series of Credit Linked Notes, a Credit Event will not be determined by the Credit Derivatives Determinations Committee unless a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event within sixty (60) calendar days of the occurrence of such potential Credit Event unless a Credit Event Determination Date has already occurred with respect to such event. For Succession Events the look-back

period is ninety (90) calendar days and functions similarly. These provisions mean that there is a time limit on the ability to act on a Credit Event or Succession Event and that it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date if Auction Settlement is specified as the applicable Settlement Method for a series of Notes in the relevant Final Terms.

### *Credit Linked Notes – Credit Events and Actual Default*

Not all of the Credit Events require an actual default with respect to the Reference Entity(ies)'s obligations. Thus, Noteholders could bear losses based on deterioration in the credit of the Reference Entity(ies) short of a default, subject to the provisions set out in the applicable Final Terms. Also, not all of the Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event with respect to a Credit Event did or did not constitute a Credit Event. The Calculation Agent's good faith, reasonable determination that a Credit Event has or has not occurred will be binding on the Noteholders. The Calculation Agent's view of whether a Credit Event has occurred may be different from the view of the Noteholders or other financial institutions, rating agencies or commentators.

### *Partly-paid Notes*

The relevant Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, 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.

### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes are typically more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes 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 the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *UniCredit and UniCredit Ireland's obligations under Subordinated Notes are subordinated*

UniCredit and UniCredit Ireland obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities. **Senior Liabilities** means any direct, unconditional, unsecured and unsubordinated indebtedness or payment obligations (or indebtedness or obligations which are subordinated but to a lesser degree than the obligations under the relevant Subordinated Notes) of UniCredit and UniCredit Ireland for money borrowed or raised or guaranteed by UniCredit or UniCredit Ireland, as the case may be, and any indebtedness or mandatory payment obligations preferred by the laws of the Republic of Italy (in the case of UniCredit) and Ireland (in the case of UniCredit Ireland). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are

not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

In no event will holders of Subordinated Notes be able to accelerate the maturity of their Subordinated Notes; such holders will have claims only for amounts then due and payable on their Subordinated Notes. After the relevant Issuer has fully paid all deferred interest on any issue of Subordinated Notes and if that issue of Subordinated Notes remains outstanding, future interest payments on that issue of Subordinated Notes will be subject to further deferral as described above.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the relevant Issuer's financial condition.

*Under certain conditions, principal and interest payments under Upper Tier II Subordinated Notes must be reduced*

UniCredit will be required to reduce payment of interest and principal under the Upper Tier II Subordinated Notes, in the event that UniCredit at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredit to reduce its paid up share capital and reserves below the Minimum Capital (as defined in Condition 5.2(a)), to the extent necessary to enable UniCredit, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital as provided by the then applicable Bank of Italy Regulations. Such obligations will be reinstated whether or not the Maturity Date of the relevant obligations has occurred: (a) in whole, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of UniCredit had not been so reduced in accordance with Conditions 5.2(a) and (b) in whole or in part, from time to time, to the extent that UniCredit, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of principal and interest in accordance with Condition 5.2(a).

UniCredit Ireland will be required to reduce payment of interest and principal under the Upper Tier II Subordinated Notes, whether or not matured, in the event that UniCredit Ireland at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent UniCredit Ireland from continuing to trade (as determined by UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), to the extent necessary to enable UniCredit Ireland to continue to trade in accordance with the requirements of law (as determined by the directors of UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such obligations shall be reinstated if UniCredit Ireland would, after such reinstatement and by reason of the occurrence of any event, be entitled to continue to trade (as determined by UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such reduction shall, subject to the provisions below, be deemed to cease should UniCredit Ireland become, and for so long as it remains, subject to any bankruptcy or liquidation proceedings or process and the obligations of UniCredit Ireland under the Upper Tier II Subordinated Notes shall, in such event, be treated as if they were not reduced in accordance with Condition 5.7. If, at any time during such bankruptcy or liquidation proceedings or process, reduction of the obligations would enable such proceedings or process to be dismissed, discharged, stayed, restrained or vacated and enable UniCredit Ireland to continue to trade (as determined by UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UniCredit Ireland under the Upper Tier II Subordinated Notes shall be deemed to be reduced.

*Under certain conditions, interest payments under Upper Tier II Subordinated Notes must be deferred*

UniCredit will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved, paid or set aside for payment by a shareholders'

meeting of UniCredit or paid in respect of any class of shares of UniCredit during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date, or (b) the Board of Directors of UniCredit has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that UniCredit makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims not including Lower Tier II Subordinated Notes and Tier III Subordinated Notes; and (ii) in full on the earliest to occur of (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredit; (B) the date for repayment of the Upper Tier II Subordinated Notes; and (C) the date on which the *Liquidazione Coatta Amministrativa* of UniCredit is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredit becomes subject to a liquidation order.

UniCredit Ireland shall not have any obligation to pay interest accrued in respect of Upper Tier II Subordinated Notes issued by UniCredit Ireland and any failure to pay such interest shall not constitute a default of UniCredit Ireland for any purpose.

*Under certain conditions, principal and interest payments under Tier III Subordinated Notes must be suspended and deferred*

UniCredit will not be required to pay interest and/or principal on Tier III Subordinated Notes if, at the time any such payment becomes due, (a) UniCredit's Total Amount of Regulatory Capital (as defined in Condition 5.3(b)) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredit, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis; or (b) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes, UniCredit's Total Amount of Regulatory Capital becomes, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredit, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis. The obligations of UniCredit to effect such payment of interest and/or principal will (subject to, and to the extent provided in, Condition 5.3(e)) be reinstated in the event of a bankruptcy, dissolution, liquidation or winding-up of UniCredit or in the event that UniCredit becomes subject to an order for *Liquidazione Coatta Amministrativa*; or in the event that UniCredit's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of UniCredit, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank of Italy Regulations.

#### *Risk under the Subordinated Guarantee*

The obligations of UniCredit in respect of each Series of Subordinated Notes issued by UniCredit Ireland (the **Subordinated Guarantee**) constitute direct, unsecured and subordinated obligations of UniCredit.

The Subordinated Guarantee is intended to provide the holders of the Subordinated Notes issued by UniCredit Ireland, as closely as possible, with rights equivalent to those to which the holders would have been entitled if the Subordinated Notes had been issued directly by UniCredit.

UniCredit will be required to reduce its obligations under the Subordinated Guarantee in respect of principal and interest payable by UniCredit Ireland under the Upper Tier II Subordinated Notes, in the event that UniCredit at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredit to reduce its capital below the Minimum Capital (as defined in Condition 5.2(a)), to the extent necessary to enable UniCredit, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital as provided by the then applicable Bank of Italy Regulations. Such obligations will be reinstated whether or not the Maturity Date of the relevant obligations has occurred: (a) wholly, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such

obligations of UniCredit had not been so reduced in accordance with Condition 5.4(a)(i) and if the relevant payment obligations have otherwise matured or become enforceable; and (b) wholly or in part, from time to time, to the extent that UniCredit, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of such principal and interest under the Guarantee in accordance with Condition 5.4(a)(i).

UniCredit will not be required to make any payment under the Subordinated Guarantee in respect of interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredit or paid in respect of any class of shares of UniCredit during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date or (b) the Board of Directors of UniCredit has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts in respect of interest will constitute, for the purposes of Upper Tier II Subordinated Notes, Arrears of Interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of Interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that UniCredit makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and (ii) in full on the earliest to occur of (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredit, (B) the date for repayment of the Upper Tier II Subordinated Notes; or (C) the date on which the *Liquidazione Coatta Amministrativa* of UniCredit is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredit becomes subject to a liquidation order.

In the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit, UniCredit will not be required to make any payment under the Subordinated Guarantee in respect of amounts relating to each Series of the Lower Tier II Subordinated Notes (*passività subordinate*) and the relative Receipts and Coupons. Such payment obligations will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredit but at least senior to the payment obligations of UniCredit under the Subordinated Guarantee in respect of amounts relating to any Series of Upper Tier II Subordinated Notes and to the claims of shareholders of UniCredit.

**Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

*Modification, waivers and substitution*

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

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (a) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (b) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (c) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 20 of the conditions of the Notes.

*Call options are subject to the prior consent of the Bank of Italy and/or the Central Bank of Ireland*

In addition to the call rights described under “*Regulatory classification of the Notes*” below, Subordinated Notes may also contain provisions allowing the relevant Issuer to call them after a minimum period of, for example, five years. To exercise such a call option, the Issuer must obtain the prior written consent of the Bank of Italy in the case of Subordinated Notes issued by UniCredit and of the Central Bank of Ireland and the Bank of Italy (where applicable or required) in the case of Subordinated Notes issued by UniCredit Ireland.

Holders of such Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by the relevant Issuer. The Bank of Italy, in the case of Subordinated Notes issued by UniCredit, and the Central Bank of Ireland and the Bank of Italy (where applicable or required), in the case of Subordinated Notes issued by UniCredit Ireland, must agree to permit such a call, based upon their evaluation of the regulatory capital position of the relevant Issuer and the Guarantor (in the case of Notes issued by UniCredit Ireland) and certain other factors at the relevant time. There can be no assurance that the Bank of Italy or the Central Bank of Ireland will permit such a call. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period.

#### *EU Savings Directive*

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

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

If a payment were to be made in or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant Issuer, the Guarantor, the Principal Paying Agent, nor any of the Paying Agents, nor any institution where the Notes are deposited, would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax, and there would be no requirement for the relevant Issuer or the Guarantor to pay any additional amount pursuant to Condition 11 of the Terms and Conditions of the Notes relating to such withholding. The relevant Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *U.S. Foreign Account Tax Compliance Withholding*

The Issuers, the Guarantor and other financial institutions through which payments on the Notes 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 after 31 December 2016 in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (FATCA) or similar law implementing an intergovernmental approach to FATCA. In addition, pursuant to the Conditions of the Notes, the Issuers may issue further notes in respect of any Series of Notes already issued such that the further Notes shall be consolidated and form a single Series with the outstanding Notes. An issue of such further Notes after 31 December 2012 that will be consolidated and form a single Series with, and have the same operational identification numbers as, outstanding Notes issued on or before 31 December 2012 may result in such outstanding Notes also being subject to withholding.

This withholding tax may be triggered if (i) the relevant Issuer is a foreign financial institution (FFI) (as defined in FATCA) that 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 relevant Issuer a **Participating FFI**), (ii) the relevant Issuer has a positive “passthru payment percentage” (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or

withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Notes issued after 31 December 2012 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Prospectus, as applicable.

#### *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, save that subordination provisions applicable to Subordinated Notes issued by UniCredit are governed by, and shall be construed in accordance with, Italian law in effect as at the date of this Prospectus, and Subordinated Notes issued by UniCredit Ireland are governed by, and shall be construed in accordance with, Irish law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or to Italian law for the Subordinated Notes issued by UniCredit or to Irish law for the Subordinated Notes issued by UniCredit Ireland or administrative practice after the date of this Prospectus.

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### **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:

#### *The secondary market generally*

Notes 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 Notes 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 Notes that are especially sensitive to interest rate, currency 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 Notes 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 Notes.

#### *Exchange rate risks and exchange controls*

The Issuers will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency-equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

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

### *Interest rate risks*

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

### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. 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 Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the **CRA Regulation**) (as amended) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). 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 list of registered and certified rating agencies published by the European Securities and Markets Authority (ESMA) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus and/or the Final Terms, will be disclosed in the Final Terms.

### **Legal investment considerations may restrict certain investments**

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

### **Regulatory classification of the Notes**

The intention of the Issuers is for Subordinated Notes to qualify on issue as “Lower Tier II capital”, “Upper Tier II capital” or “Tier III capital”, as applicable, for regulatory capital purposes. Current regulatory practice by the Bank of Italy or the Central Bank of Ireland (in each case acting as lead regulator) does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

Although it is the Issuers’ expectation that the Notes qualify as “Lower Tier II capital”, “Upper Tier II capital” or “Tier III capital”, as applicable, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as “Lower Tier II capital”, “Upper Tier II capital” or “Tier III capital”, as applicable, the relevant Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 9.3 (Redemption for regulatory reasons (Regulatory Call)), subject to the prior approval of the Bank of Italy and/or the Central Bank of Ireland, as applicable. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

### *Non-Viability Requirement for Subordinated Notes*

The Basel Committee’s press release dated 13 January 2011 entitled “*Minimum requirements to ensure loss absorbency at the point of non-viability*” (the **January 2011 Press Release**) included an additional Basel III requirement (the **Non-Viability Requirement**) as follows:

“The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a) in this paragraph.

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority.”

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet these requirements in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

The January 2011 Press Release is not binding in the European Union, and the non-Viability Requirements will need to be implemented in the European Union.

There has not yet been an official proposal for the implementation of the Non-Viability Requirement in the European Union, although a draft of a new EU directive (called the **Crisis Management Directive**, or the **CMD**) containing rules in relation to bank resolution and recovery was released on 6 June 2012. The CMD, although currently in draft form, includes provisions relating to, *inter alia*, “bail-in” (write-down or conversion into equity) of subordinated debt, certain types of senior debt and certain other liabilities at the point of a bank’s non-viability. The draft CMD proposes that, with application from 1 January 2015, national authorities in each Member State will be given the power to write down or convert Additional Tier 1 and Tier 2 instruments at the point of the Issuer’s non-viability. It is expected that each Member State will be required to implement CMD into its national law. However, it is possible that all or some of the CMD provisions will eventually be implemented by way of a directly-applicable regulation, similar to the CRR.

There can be no assurance that existing legislation or new legislation will be amended or introduced in Italy or Ireland to reflect the January 2011 Press Release or that any existing legislation or new legislation applying in Italy or Ireland will be confirmed in due course by a peer group review (as referred to in paragraph (b) of the Non-Viability Requirement above) to conform with paragraph (a) above such that Subordinated Notes would be subject to being written down or fully loss absorbing on the basis set out in paragraph (a) above. In such circumstances, however, the Terms and Conditions of the Subordinated Notes may still need to provide for such Non-Viability Requirement in order to qualify as regulatory capital under the CRR. As at the date of this Prospectus, there has been no official notification that a peer group review of the kind referred to in paragraph (b) above has been undertaken in respect of any laws of any EU member state.

Investors should be aware, however, that Subordinated Notes may nevertheless be subject to a write-down or conversion into common shares at the point of non-viability should the Bank of Italy, the Central Bank of Ireland or other authority or authorities having oversight of the relevant Issuer at the relevant time (the Relevant Authority) be given the power to do so. The Terms and Conditions of Subordinated Notes issued under the Programme include provisions setting out that the obligations of the relevant Issuer under Subordinated Notes are subject to the powers of the Relevant Authority pursuant to applicable law and/or regulation in force from time to time. To such extent investors should also consider Condition 5.8.

In addition, there can be no assurance that, prior to implementation of the CRD IV and the CRR and the other Basel III reforms in Italy or Ireland, the Basel Committee will not amend its package of reforms described above. Furthermore, the European Commission may implement the package of reforms, including the terms which capital instruments are required to have, in a manner that is different from that which is currently envisaged or, if permitted, Italy or Ireland may impose more onerous requirements on the financial

institutions. Until fully implemented, UniCredit and UniCredit Ireland cannot predict the precise effects of the changes that result from any proposed reforms on both their own financial performance and/or on the pricing of the Subordinated Notes.

Any failure by the relevant Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the relevant Issuer's profitability and results and may also have other effects on the relevant Issuer's financial performance and on the pricing of the Subordinated Notes, both with or without the intervention by regulators or the imposition of sanctions. Prospective investors in Subordinated Notes should consult their own advisers as to the consequences of the proposed CRD IV and CRR.

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## General Description of the Programme

Under the Programme, each of the Issuers may from time to time issue Notes denominated in any currency, subject as set out herein. A brief description of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or (in the case of Notes issued by UniCredit Ireland) incorporated by reference into, the Notes, in the last case only if permitted by the relevant stock exchange, the competent authority or other relevant authority (if any), as modified and amended by Part A of the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*” below.

This Prospectus and any supplement will only be valid for Notes admitted to trading on the Luxembourg Stock Exchange’s regulated market and listed on the Official List of the Luxembourg Stock Exchange during the period of 12 months from the date of this Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €60,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as defined in the applicable Final Terms) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by that Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

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## Documents Incorporated by Reference

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

| <b>Document</b>                                                                                                    | <b>Information incorporated</b>                | <b>Page numbers</b> |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------|
| UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2011 | Consolidated Balance Sheet                     | 130-131             |
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| UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2010 | Consolidated Balance Sheet                     | 122-123             |
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|                                                                                                                    | Report of External Auditors                    | 503                 |
| UniCredit Unaudited Consolidated Interim Financial Statements as at and for the Three Months Ended 31 March 2012   | Consolidated Balance Sheet                     | 16                  |
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| UniCredit Ireland Audited Annual Financial Statements as at and for the Financial Year Ended 31 December 2011      | Accounting Policies                            | 11-24               |
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| UniCredit Ireland Audited Annual Financial Statements as at and for the Financial Year Ended 31 December 2010      | Accounting Policies                            | 11-24               |
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| <b>Document</b>                                                                                                                             | <b>Information incorporated</b>                | <b>Page numbers</b>                          |
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| UniCredit International Luxembourg Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2011 | Consolidated statement of financial position   | 1                                            |
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|                                                                                                                                             | Report of the réviseur d'entreprises agréé     | 8-9 (of the Consolidated Management Report)  |
| UniCredit International Luxembourg Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2010 | Consolidated statement of financial position   | 1                                            |
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| Memorandum and Articles of Association of UniCredit                                                                                         | Entire document                                |                                              |
| Memorandum and Articles of Association of UniCredit Ireland                                                                                 | Entire document                                |                                              |
| Memorandum and Articles of Association of UniCredit International Luxembourg                                                                | Entire document                                |                                              |
| Press Release dated 11 May 2012                                                                                                             | Entire document                                |                                              |
| Press Release dated 5 June 2012                                                                                                             | Entire document                                |                                              |

Information contained in the documents incorporated by reference other than the information listed in the cross-reference list above is for information purposes only.

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

Copies of documents incorporated by reference in this Prospectus can be obtained free of charge from the registered office of each of the Issuers and from the specified office of the Paying Agents for the time being in London and Luxembourg. Copies of documents incorporated by reference in this Prospectus, the Prospectus, as well as the Final Terms relating to each Tranche of Notes issued under the Programme, will also be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

## **Documents Incorporated by Reference**

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The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

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## Form of the Notes

The Notes of each Series will either be in bearer form, with or without Coupons attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or Regulation D under the Securities Act.

### **BEARER NOTES**

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent Global Note (a **Permanent Bearer Global Note** and, together with the Temporary Bearer Global Note, the **Bearer Global Notes**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note) if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the relevant Issuer. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 13) has occurred and is continuing, or (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing

system satisfactory to the Trustee is available. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 18 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 1 year and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

## REGISTERED NOTES

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (a) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (**QIBs**) or (b) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), that are institutions (**Institutional Accredited Investors**) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, the **Registered Global Notes**).

Registered Global Notes will either (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC or (b) be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (**Definitive IAI Registered Notes**). Unless otherwise set forth in the applicable Final Terms, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions*”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 8.5) as the registered holder of the Registered Global Notes. None of the relevant Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising, investigating, monitoring or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 8.5) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that either (a) an Event of Default has occurred and is continuing, (b) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, or (c) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 18 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

### TRANSFER OF INTERESTS

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “Subscription and Sale and Transfer and Selling Restrictions”.**

### GENERAL

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or as otherwise required by a court of competent jurisdiction or a public official authority) shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered

holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the Trustee thereof in certain circumstances described in Condition 13. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, on and subject to the terms of the Trust Deed. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

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## Applicable Final Terms

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

[THESE NOTES ARE NOT PRINCIPAL PROTECTED. POTENTIAL PURCHASERS OF THESE NOTES SHOULD UNDERSTAND THAT IF A CREDIT EVENT (AS DEFINED HEREIN) OCCURS, THE NOTES WILL BE REDEEMED EARLY AND, IN FULL SETTLEMENT OF THE NOTES, THE ISSUER SHALL PAY OR DELIVER THE DELIVERABLE OBLIGATIONS AND/OR CASH SETTLEMENT AMOUNT AS THE CASE MAY BE (EACH AS DEFINED HEREIN) (WHICH, AT SUCH TIME, MAY HAVE NO VALUE). IN ADDITION, THE NOTEHOLDER AND ANY PROSPECTIVE PURCHASERS OF THE NOTES, BEFORE INVESTING IN THE NOTE, SHOULD SEE PARAGRAPH 20 OF PART A BELOW.]<sup>1</sup>

Final Terms dated [date]

UniCredit S.p.A  
UniCredit Bank (Ireland) p.l.c  
UniCredit International Bank (Luxembourg) S.A.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
[guaranteed by UniCredit S.p.A.]  
under the  
€60,000,000,000 Euro Medium Term Note Programme

**\*\***[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in subparagraph (b) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (a) in circumstances in which no obligation arises for 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, in each case, in relation to such offer; or
- (b) in those Public Offer Jurisdictions mentioned in Paragraph 38 of Part A below, provided such person is one of the persons mentioned in Paragraph 38 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.]<sup>2</sup>

**\*\***[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any 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, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

<sup>1</sup> This wording or any other more appropriate shall be inserted for Credit Linked Notes.

<sup>2</sup> Consider including this legend where a non-exempt offer of Notes is anticipated.

The expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.<sup>3</sup>

## 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 26 June 2012 [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes 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 Guarantor[s],] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [and the Supplement to the Prospectus]. The Prospectus [and the Supplement to the Prospectus] [is] [are] available for viewing during normal business hours at [UniCredit S.p.A., Via A. Specchi, 16, 00186, Rome, Italy/UniCredit Bank Ireland p.l.c., La Touche House, International Financial Services Centre, Dublin 1, Ireland/UniCredit International Bank (Luxembourg) S.A., 8-10 rue Jean Monnet, L-2180 Luxembourg] and on the website of UniCredit [www.unicreditgroup.eu](http://www.unicreditgroup.eu), as well as on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). Copies may be obtained, free of charge, from the Issuer at the address above.

*[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 [original prospectus] dated [date] which are incorporated by reference in the Prospectus dated 26 June 2012 and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Prospectus dated 26 June 2012 [and the Supplement to the Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated 26 June 2012 and the [original prospectus] dated [date] [and the Supplement[s] to the Prospectus dated [date], [date] [and] [date]]. The Prospectus and the [original prospectus] [and the Supplement[s] to the Prospectus dated [date] and [date]] are available for viewing at [UniCredit S.p.A., Via A. Specchi, 16, 001 86, Rome, Italy/UniCredit Bank Ireland p.l.c., La Touche House, International Financial Services Centre, Dublin 1, Ireland/UniCredit International Bank (Luxembourg) S.A., 8-10 rue Jean Monnet, L-2180 Luxembourg] and on the website of UniCredit [www.unicreditgroup.eu](http://www.unicreditgroup.eu) as well as on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). Copies may be obtained, free of charge, from the Issuer at the address above.]

*[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 subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

- |                |                                                                                               |
|----------------|-----------------------------------------------------------------------------------------------|
| 1. (a) Issuer: | UniCredit S.p.A./UniCredit Bank Ireland p.l.c./UniCredit International Bank (Luxembourg) S.A. |
| (b) Guarantor: | UniCredit S.p.A.                                                                              |

<sup>3</sup> Consider including this legend where only an exempt offer of Notes is anticipated.

2. (a) Series Number: [ ]  
(b) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
(a) Series: [ ]  
(b) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (a) Specified Denominations:<sup>4</sup> [ ]  
*(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*  
[ ]  
*(Note – If an issue of Notes is (a) NOT admitted to trading on a European Economic Area exchange; and (b) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €1,000 minimum denomination is not required.)*  
*N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*  
*[(Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*  
*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000/€199,000]. No Notes in definitive form will be issued with a denomination above [€99,000/€199,000].”)]\**
- (b) Calculation Amount: [ ]  
*(If only one Specified Denomination, insert the Specified Denomination*  
*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)*

<sup>4</sup> Notes to be issued by UniCredit Ireland with a minimum maturity of two years which are not listed on a stock exchange must have a minimum denomination of €500,000 or its equivalent at date of issuance. Notes to be issued by UniCredit Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or U.S.\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this programme).

7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate or any other rate where the Interest Period end date(s) are adjusted – Interest Payment Date falling in or nearest to [specify month and year]]
- [Credit Linked Notes: [specify date] (the **Scheduled Maturity Date**), or, if a Credit Event occurs with respect to [the/any] Reference Entity during the Reference Period, the Auction Settlement/Cash Settlement Date/Physical Settlement Date determined in accordance with item 20 of these Final Terms, subject to Maturity Date Extension, where applicable]
- (If Upper Tier II Subordinated Notes issued by UniCredit, the redemption of the Notes shall be subject to the prior approval of the Bank of Italy, as set out in Condition 9.1)*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[Credit Linked Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Credit Linked Redemption]  
[Partly Paid Instalment]  
[Extendible<sup>5</sup>]  
[specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]

<sup>5</sup> Only applicable to Notes issued by UniCredit Ireland or UniCredit International Luxembourg.

13. (a) Status of the Notes: [Senior/Upper Tier II Subordinated/Lower Tier II Subordinated/Tier III Subordinated]
- (b) Status of the Guarantee: [Senior/Upper Tier II Subordinated/Lower Tier II Subordinated/Tier III Subordinated]
- (c) Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ]], respectively  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (specify)] in arrear]  
*(If payable other than annually, consider amending Condition 7)*
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date [if applicable [adjusted in accordance with [specify Business Day Convention]/not adjusted]]/[specify other]]  
*(N.B. This will need to be amended in the case of long or short coupons)*  
*(If Upper Tier II Subordinated Notes are issued by UniCredit, in the event that the Bank of Italy does not approve the redemption of the notes on the Maturity Date, the Notes will continue to bear interest and, upon redemption following receipt of the approval of the Bank of Italy, accrued interest in respect of the period from, and including, the Maturity Date to, but excluding, the date of redemption will be payable, all as set out in the Conditions)*
- (c) Fixed Coupon Amount(s): *(Applicable to Notes in definitive form)* [ ] per Calculation Amount
- (d) Broken Amount(s): *(Applicable to payable on the Interest Notes in definitive form)* Payment Date falling [in/on] [ ]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]  
*(N.B. if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*
- (f) Determination Date[s]: [ ] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*

|                                                                                                    |                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                    | <i>(N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration)</i>                                                                                                                                                                                           |
|                                                                                                    | <i>N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]</i>                                                                                                                                                                                                                                       |
| (g) Other terms relating to the method of calculating interest for Fixed Rate Notes:               | [Not Applicable/give details]                                                                                                                                                                                                                                                                                      |
| 16. Floating Rate Note Provisions:                                                                 | [Applicable/Not Applicable]<br><i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>                                                                                                                                                                                                    |
| (a) Specified Period(s)/Specified Interest Payment Dates:                                          | [ ]                                                                                                                                                                                                                                                                                                                |
| (b) Business Day Convention:                                                                       | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable/[specify other]]                                                                                                                                           |
| (c) Additional Business Centre(s):                                                                 | [ ]<br>[Screen Rate Determination/ISDA Determination/specify other]                                                                                                                                                                                                                                                |
| (d) Manner in which the Rate of Interest and Interest Amount are to be determined:                 | [ ]                                                                                                                                                                                                                                                                                                                |
| (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): |                                                                                                                                                                                                                                                                                                                    |
| (f) Screen Rate Determination:                                                                     |                                                                                                                                                                                                                                                                                                                    |
| (i) Reference Rate:                                                                                | [ ]<br><i>(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)</i>                                                                                                                                                       |
| (ii) Interest Determination Date(s):                                                               | [ ]<br><i>(Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i> |
| (iii) Relevant Screen Page:                                                                        | [ ]<br><i>(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)</i>                                                                                                                                                   |
| (g) ISDA Determination:                                                                            |                                                                                                                                                                                                                                                                                                                    |
| (i) Floating Rate Option:                                                                          | [ ]                                                                                                                                                                                                                                                                                                                |
| (ii) Designated Maturity:                                                                          | [ ]                                                                                                                                                                                                                                                                                                                |
| (iii) Reset Date:                                                                                  | [ ]                                                                                                                                                                                                                                                                                                                |

- (h) Margin(s): ☐ +/- ☐ per cent. per annum
- (i) Minimum Rate of Interest: ☐ per cent. per annum
- (j) Maximum Rate of Interest: ☐ per cent. per annum
- (k) Day Count Fraction: ☐ Actual/Actual (ISDA)  
☐ Actual/365 (Fixed)  
☐ Actual/365 (Sterling)  
☐ Actual/360  
☐ 30/360 ☐ 30E/360  
☐ 30E/360 (ISDA)  
☐ Other]  
(See Condition 7 for alternatives)
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: ☐
17. Zero Coupon Note Provisions: ☐ [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: ☐ per cent. per annum
- (b) Reference Price: ☐
- (c) Any other formula/basis of ☐
- (d) Early Redemption Amounts and late payment: ☐ [Conditions 9.6(c) (Redemption and Purchase – Early Redemption Amounts) and 9.11 (Redemption and Purchase – Late payment on Zero Coupon Notes) apply/specify other]  
*(Consider applicable day count fraction if not U.S. dollar denominated)*
18. Index Linked Interest Note/other variable-linked interest Note Provisions: ☐ [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
- (a) Index/Formula/other variable: ☐ [give or annex details including, where the underlying is a security, the name of the issuer of the security and the ISIN or other such security identification code, where the underlying is an index, the name of the index and a description of the index if it is composed by the issuer; if the index is not composed by the issuer, where information about the index can be obtained, and where the underlying is a basket of underlyings, the relevant weightings of each underlying in the basket]

- (b) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [ ]
- (d) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (e) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (f) Business Day Convention: Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (g) Additional Business Centre(s): [ ]
- (h) Minimum Rate of Interest: [ ] per cent. per annum
- (i) Maximum Rate of Interest: [ ] per cent. per annum
- (j) Day Count Fraction: [ ]
19. Dual Currency Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [ ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Person at whose option Specified Currency(ies) is/are payable: [ ]

20. Credit Linked Note Provisions:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Capitalised terms used herein and not otherwise defined herein or in the Conditions shall have the meaning set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by (a) the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions, (b) the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions, (c) the latest Credit Derivatives Physical Settlement Matrix published by ISDA as at the trade date of the Notes on [www.ISDA.org](http://www.ISDA.org), (d) the ISDA 2009 Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions published on 12 March 2009, and (e) the ISDA 2009 Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions published on 14 July 2009, each published by the International Swaps and Derivatives Association, Inc. (together, the **Definitions**) (in each case as supplemented or amended in these Final Terms), save that any references to the **Related Confirmation** shall be deemed to refer instead to the **applicable Final Terms**, references to the **Credit Derivative Transaction** shall be deemed to refer instead to the **Notes**, references to the **Buyer** shall be deemed to refer instead to the **Issuer**, and references to the **Seller** shall be deemed to refer instead to the **Noteholder(s)**. The Definitions are hereby incorporated by reference herein, and shall apply *mutatis mutandis* to the Notes. In the event of any inconsistency between the capitalised terms defined in the Final Terms and/or the Conditions on the one hand and the Definitions on the other, the capitalised terms defined in the Final Terms and/or the Conditions shall prevail.

(a) Reference Period and Reference Price:

The period commencing at or after 12.01 a.m., London time on (and including) the earlier of [*the day following the Trade Date – please insert date*] and, if applicable, the Credit Event Backstop Date and ending at or prior to 11.59 p.m., London time on (and including, subject as provided below) the Scheduled Termination Date. [*if other period applicable, delete previous sentence and insert applicable provisions*]

(b) Redemption Date:

[ ]

(c) Scheduled Termination Date:

[Maturity Date]

(d) Reference Entity:

[Maturity Date unless otherwise specified]

[ ] [*Where more than one Reference Entity – Each Reference Entity as set out in Appendix [ ] (Reference Portfolio)*] and any Successor.

Notwithstanding anything to the contrary, the Calculation Agent shall make each determination relating to Succession Events in a commercially reasonable manner, in its sole and absolute discretion, save that the Calculation Agent shall apply the determinations of the relevant ISDA Credit Derivatives Determinations Committee in relation to Succession Events. Any such determinations shall be binding upon the Issuer and each Noteholder.

Section 2.31 (*Merger of Reference Entity and Seller*) of the Definitions shall not apply to the Notes.

(e) Reference Obligation(s):

[ ] [Where more than one Reference Entity – Each Reference Obligation as set out in Appendix [ ] (*Reference Portfolio*).] [ ]

First to Default Credit Linked Note [Applicable/Not Applicable]

Linear Basket Credit Linked Note [Applicable/Not Applicable (*if applicable, specify weighting of Basket*)]

(f) Substitute Reference Obligation(s):

[As per the definition contained in Condition 10]/[*give details*]

(g) All Guarantees:

[Applicable/Not Applicable]

(h) Obligation:

Obligation Category: [ ]  
Obligation Characteristics: [ ]  
Excluded Obligations: [None]

(i) Grace Period:

[The number of days equal to the grace period with respect to payments in accordance with the terms of, and under, the relevant Obligation, and, if no grace period is applicable, *zero/insert maximum number of days*]

(j) Maturity Date Extension:

[Applicable]

(k) Credit Events:

[Bankruptcy  
Failure to Pay  
Grace Period Extension: [Applicable/Not Applicable]  
If Applicable, Grace Period [ ]

Obligation Acceleration  
Obligation Default  
Repudiation/Moratorium  
Restructuring:

[Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable]  
[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable]  
[Multiple Holder Obligation: Applicable]]<sup>6</sup>

(l) Additional Credit Events:

[ ] [*specify e.g. any trigger event*]

[*if applicable, give details including all operative provisions*]

<sup>6</sup> Delete as appropriate.

- (m) Payment Requirement: [Applicable/Not Applicable]  
[specify]  
*(If not specified, Payment Requirement will be U.S.\$1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the Failure to Pay or Potential Failure to Pay, as applicable)*
- (n) Default Requirement: [Applicable/Not Applicable]  
[specify]  
*(If not specified, Default Requirement will be U.S.\$10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event)*
- (o) Conditions to Settlement (if any): Where Auction Settlement is specified:  
Delivery by the Issuer of a Credit Event Notice, [and a Notice of Publicly Available Information]<sup>7</sup>  
Where Cash Settlement is specified:  
Delivery by the Issuer of a Credit Event Notice, a Reference Obligation Notice [and a Notice of Publicly Available Information]<sup>8</sup>  
Where Physical Settlement is specified:  
Delivery by the Issuer of a Credit Event Notice, a Notice of Physical Settlement [and a Notice of Publicly Available Information]  
[Notice of Publicly Available Information:  
**Specified Number:** [ ] (if applicable and not specified, it shall be two)]
- (p) Settlement: [Auction/Cash/Physical] Settlement *(please specify)*  
*(if Physical Settlement applies, include the following:)*
- (i) Deliverable Obligations: [Exclude Accrued Interest]
- (ii) Deliverable Obligations: Deliverable Obligation Category: [ ]  
Deliverable Obligation Characteristics:  
Not Subordinated/Specified Currency/Standard Specified Currencies/Not Sovereign Lender/Not Domestic Currency/Not Domestic Law/Listed/Not Contingent/Not Domestic Issuance/Assignable Loan/Consent Required Loan/Transferable/Maximum Maturity [30 years]/Accelerated or Matured/Not Bearer/Other] Excluded Obligations: [None]
- (iii) Physical Settlement Period: The longest number of Business Days for settlement in accordance with the then current market practice of any Deliverable Obligation being delivered, as determined by the Calculation Agent, subject to a minimum of

<sup>7</sup> Delete as appropriate.

<sup>8</sup> Delete as appropriate.

|                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                       | [30/90/120/other] Business Days following the satisfaction of all Conditions to Settlement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (iv) Number of calendar days' notice (Notice of Physical Settlement): | [zero/five/specify number] days [insert number of calendar days prior to Physical Settlement Date]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (v) Physical Settlement Date:                                         | The date within the Physical Settlement Period upon which all the Deliverable Obligations specified in the Notice of Physical Settlement are delivered; provided that if on the last day of the Physical Settlement Period the Deliverable Obligations specified in the Notice of Physical Settlement cannot be delivered due to any reason as set out in Conditions 10.5, 10.6, 10.7, and 10.9 ( <i>Partial Cash Settlement Terms</i> ), the Physical Settlement Date shall be the last day of the Physical Settlement Period.<br><br>[The Issuer may extend the Physical Settlement Date to such date that the Calculation Agent in its sole discretion designates (the <b>Extended Physical Settlement Date</b> ). The Extended Physical Settlement Date shall not, however, be later than [ ] Business Days after the Physical Settlement Date.] <sup>9</sup> |
| (vi) Latest Permissible Physical Settlement Date:                     | [[specify number] days after the final day of the Physical Settlement Period]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (vii) Swap Unwind Amount:                                             | [Applicable/Not Applicable]<br><br>(if Cash Settlement is applicable, insert the following)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (viii) Valuation Date:                                                | [ ]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| (ix) Quotation Method:                                                | [ ]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| (x) Quotation Amount:                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| (xi) Cash Settlement Date:                                            | As set out in the Conditions (specify other)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (xii) Cash Settlement Amount:                                         | As set out in the Conditions (specify other)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (xiii) Quotation:                                                     | [ ]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| (xiv) Valuation Method for determination of Final Price:              | [Exclude Accrued Interest/Include Accrued Interest] (set out ISDA valuation method or other valuation method in full)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (xv) Swap Unwind Amount:                                              | [Applicable/Not Applicable]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (xvi) Valuation Time:                                                 | [ ]<br><br>(if Auction Settlement is applicable, insert the following)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| (xvii) Fallback Settlement Method:                                    | [Cash Settlement/Physical Settlement]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (xviii) Auction Settlement Method:                                    | Auction Final Price [specify the applicable calculation formula]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| (xix) Business Day Convention:                                        | [Following/Modified Following/Preceding]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

<sup>9</sup> To be inserted if the underlying hedge provides for the Buy-in provisions in the 2003 ISDA Credit Derivatives Definitions.

- |                                                                                          |                                |
|------------------------------------------------------------------------------------------|--------------------------------|
| (xx) subject to adjustment in accordance with Business Day Convention:                   | [Yes/No]                       |
| (xxi) Limitation Dates subject to adjustment in accordance with Business Day Convention: | [Yes/No]                       |
| (xxii) Hedging Arrangement Notifying Party:                                              | [Buyer/Seller/Buyer or Seller] |

#### PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount/specify other/see Appendix
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (iii) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
22. Regulatory Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. Only relevant in the case of Subordinated Notes)*
- (a) Early Redemption Amount payable on redemption for regulatory reasons (in the case of Subordinated Notes only and subject to the prior approval of the Bank of Italy and/or the Central Bank of Ireland, as applicable) as contemplated by Condition 9.3 and/or the method of calculating the same (if required or if different from that set out in Condition 9.6 (Redemption and Purchase – Early Redemption Amounts): [[ ] per Calculation Amount/specify other/see Appendix]

23. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [ ] per Calculation Amount/specify other/see Appendix
- (c) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
24. Final Redemption Amount: [[ ] per Calculation Amount/specify other/see Appendix]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
25. Early Redemption Amount payable on redemption for taxation reasons (as contemplated by Condition 9.2) or on event of default (as contemplated by Condition 13) and/or the method of calculating the same (if required or if different from that set out in Condition 9.6 (Redemption and Purchase – Early Redemption Amounts): [[ ] per Calculation Amount/specify other/see Appendix]
- [See also paragraph 22 (Regulatory Call)] *(Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable)*

## **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

### 26. Form of Notes

- (a) Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for definitive Notes on and after the Exchange Date]
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Permanent Bearer Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves)*

*(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]/[€199,000].” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.)\**

[Registered Notes:

Regulation S Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*)]

(b) New Global Note:

[Yes] [No]

27. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/*give details*]

*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraphs 15(b), 16(c) and 18(g) relate)*

28. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):

[Yes/No. *If yes, give details*]

29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/*give details*. *N.B. a new form of Temporary Bearer Global Note may be required for Partly Paid issues*]

30. Details relating to Instalment Notes:

(a) Instalment Amount(s):

[Not Applicable/*give details*]

(b) Instalment Date(s):

[Not Applicable/*give details*]

31. Details relating to Extendible Notes:

[Not Applicable/*give details*]

32. Redenomination applicable:

Redenomination [not] applicable

*[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))][(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]*

33. Other final terms:

[Not Applicable/*give details*]

*[(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]*

*(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers)*

## DISTRIBUTION

34. (a) If syndicated, names [and address]\*\* of Managers [and underwriting commitments]:\*\*

[Not Applicable/give names, [addresses and underwriting commitments]\*\*]

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers)\*\*\**

(b) Date of [Subscription] Agreement:

[ ]

*(Delete if the minimum denomination of the Notes is [€100,000] or equivalent and the Notes are not derivative securities to which Annex XII of the Prospectus Directive Regulation applies)*

(c) Stabilising Manager (if any):

[Not Applicable/give name]

35. If non-syndicated, name [and address]\*\* of relevant Dealer:

[[Not Applicable/give name [and address]\*\*]

36. Total commission and concession:\*\*

[ ] per cent. of the Aggregate Nominal Amount\*\*

37. U.S. Selling Restrictions:

[Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]

38. Non exempt Offer:\*\*

[Not Applicable] [An offer of the Notes may be made by the Managers [and *[specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”)* or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in *[specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]* (**Public Offer Jurisdictions**) during the period from *[specify date]* until *[specify date or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”]* (**Offer Period**). See further Paragraph 10 of Part B below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported)*

39. Additional selling restrictions:

[Not Applicable/give details]

#### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [, offer in the Public Offer Jurisdictions] and admission to trading on [*specify relevant regulated market*] of the Notes described herein pursuant to the €60,000,000,000 Euro Medium Term Note Programme of UniCredit S.p.A/UniCredit Bank Ireland p.l.c./UniCredit International Bank (Luxembourg) S.A. [guaranteed by UniCredit S.p.A.]

#### **RESPONSIBILITY**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms.

[[*Relevant third-party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [*name of the Issuer*]:

Signed on behalf of [*name of the Guarantor*]:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## Part B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) Listing and admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the regulated market of the Luxembourg Stock Exchange, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the regulated market of the Luxembourg Stock Exchange, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [ ] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)

- (b) Estimate of total expenses related to admission to trading:\*

[ ]\*

### 2. RATINGS

Ratings:

The Notes to be issued [[have been]/[are expected to be]/[are not expected] rated [insert the legal name of the relevant credit rating agency entity(ies)].

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the CRA

Regulation). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]/ [although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority[and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *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. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[Delete if the minimum denomination of the Notes is €100,000 (or its equivalent in another currency) and if the Notes are not derivative securities to which Annex XII of the Prospectus Directive applies]

(a) [Reasons for the offer\*\*:

[ ]

*(See “Use of Proceeds” wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)\*\*]*

(b) Estimated net proceeds\*\*:

[ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)\*\**

(c) Estimated total expenses\*\*:

[ ]

*[Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “use”] \*\**

*(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (a) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (b) and (c) above are also required)*

5. YIELD (Fixed Rate Notes only – delete otherwise)

[ ]

Indication of yield:

*[Calculated as [include details of method of calculation in summary form] on the Issue Date]\*\**

*The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.*

6. HISTORIC INTEREST RATES (Floating Rate Notes Only – delete otherwise)\*\*

*Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].*

7. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING UNDERLYING, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS *(Index/other variable Linked Notes, Credit Linked Notes, Index/other variable Linked Interest Notes and Credit Linked Notes only – delete otherwise)\*\*\**

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies)*

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]\*\**

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, need to include details of where the information about the index can be obtained]]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation]*

*[(When completing the above paragraphs, 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)]*

#### 8. [POST-ISSUANCE INFORMATION]

The Issuer [does not] intend[s] to publish post-issuance information in relation to any underlying element to which the Notes are linked or with regard to assets underlying issues of instruments constituting derivative securities.]

#### 9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (DUAL CURRENCY NOTES ONLY – DELETE OTHERWISE)\*\*\*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies)*

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]\*\**

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained]*

*[(When completing this paragraph, 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)]*

#### 10. OPERATIONAL INFORMATION

- |                                                                                                                                                    |                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| (a) ISIN Code:                                                                                                                                     | [ ]                                         |
| (b) Common Code:                                                                                                                                   | [ ]                                         |
| (c) Any other securities identification number:                                                                                                    | [ ]                                         |
| (d) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)] |

- |                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (e) Delivery:                                                                 | Delivery [against/free of] payment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (f) Names and addresses of additional Paying Agent(s) (if any):               | [ ]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| (g) Intended to be held in a manner which would allow Eurosystem eligibility: | [Yes] [No]<br><br>[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with Clearstream Banking, société anonyme or Euroclear Bank S.A./N.V. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] <i>(include this text if “yes” selected, in which case the Notes must be issued in NGN form)</i> |

**11. TERMS AND CONDITIONS OF THE OFFER\*\***

- |                                                                                                                                                  |                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| (a) Offer Price:                                                                                                                                 | [Issue Price/Not applicable/specify] |
| (b) Conditions to which the offer is subject:                                                                                                    | [Not applicable/give details]        |
| (c) Time period, including possible amendments, during which the offer will be open and description of the application process:                  | [Not applicable/give details]        |
| (d) Details of the minimum and/or maximum amount of application:                                                                                 | [Not applicable/give details]        |
| (e) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/give details]        |
| (f) Details of the method and time limits for paying up and delivering the Notes:                                                                | [Not applicable/give details]        |
| (g) Manner in and date on which results of the offer are to be made public:                                                                      | [Not applicable/give details]        |
| (h) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/give details]        |
| (i) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | [Not applicable/give details]        |
| (j) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/give details]        |

- |                                                                                                                                      |                                        |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| (k) Amount of any expenses and taxes specifically charged to the subscriber or purchaser:                                            | [Not applicable/ <i>give details</i> ] |
| (l) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. | [None/ <i>give details</i> ]           |

*Notes:*

\* *Delete if the minimum denomination is less than €100,000.*

\*\* *Delete if the minimum denomination is €100,000.*

\*\*\* *Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.*

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## Terms and Conditions of the Notes

*The following are the Terms and Conditions of the Notes which will be attached to or (in the case of Notes issued by UniCredit Ireland) incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange, the competent authority or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes constituted by a Seventh Amended and Restated Trust Deed (such Seventh Amended and Restated Trust Deed, as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 26 June 2012 and made between UniCredit S.p.A. (**UniCredit** or the **Parent**), UniCredit Bank Ireland p.l.c. (**UniCredit Ireland**), UniCredit International Bank (Luxembourg) S.A. (**UniCredit International Luxembourg**) and Citicorp Trustee Company Limited as trustee for the time being for the Noteholders (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed), and issued by UniCredit or UniCredit Ireland or UniCredit International Luxembourg (or any other company which has become an issuer under the Programme and the Trust Deed in accordance with Condition 20) as indicated in the applicable Final Terms (each of them, the **Issuer**, which expression shall include any company substituted in place of the Issuer in accordance with Condition 20). The terms of the guarantee applicable to the Notes issued by UniCredit Ireland and UniCredit International Luxembourg and provided by UniCredit (in its capacity as guarantor of Notes issued by UniCredit Ireland and UniCredit International Luxembourg, the **Guarantor**, which expression shall include any company substituted in place of the Guarantor in accordance with Condition 20) are contained in the Trust Deed. These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Registered Notes, Coupons, Receipts and Talons referred to below. References herein to the Notes shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Definitive Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) definitive Notes in registered form (**Definitive Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of a Tenth Amended and Restated Agency Agreement dated 26 June 2012 (such Tenth Amended and Restated Agency Agreement, as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between UniCredit, UniCredit Ireland, UniCredit International Luxembourg, the Guarantor, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citibank, N.A., London Branch as exchange agent (the **Exchange Agent** which expression shall include any successor exchange agent) and Citigroup Global Markets Deutschland AG as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further

Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and a deed poll dated 26 June 2012 (the **Deed Poll**) and executed by UniCredit, UniCredit Ireland and UniCredit International Luxembourg are available for inspection during normal business hours at the principal office for the time being of the Trustee being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**) and the Luxembourg Listing Agent as long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange. Copies of the applicable Final Terms are available for viewing during normal business hours at the specified office of each of the Agents save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Paying Agent as to its holding of such Notes and identity unless the regulations of the relevant stock exchange require otherwise. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

### 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note, a Credit Linked Interest Note, an Extendible Note (each as hereinafter defined), or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

If this Note is an Extendible Note, as specified in the applicable Final Terms, it will be a Note issued by UniCredit Ireland or UniCredit International Luxembourg and there will be an option exercisable by the Noteholder to extend the original Maturity Date of such note. The applicable Final Terms will set forth the number of periods for which the maturity of such Note is extendible, the date beyond which the final maturity may not be extended and the procedure for notification of such extension.

This Note may be an Index Linked Redemption Note, a Credit Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

This Note may also be a Senior Note issued by UniCredit, UniCredit Ireland or UniCredit International Luxembourg, a Lower Tier II Subordinated Note or an Upper Tier II Subordinated Note issued by UniCredit or UniCredit Ireland or a Tier III Subordinated Note issued by UniCredit, as indicated in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Trust Deed and the Agency Agreement. The Issuer, the Guarantor (in the case of Guaranteed Notes), the Paying Agents and the Trustee will (except as otherwise required by law or as otherwise required by a court of competent jurisdiction or a public official authority) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), and/or the Depositary Trust Company (**DTC**) or its nominee, each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of DTC as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Issuer, the Guarantor (in the case of Guaranteed Notes) the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor (in the case of Guaranteed Notes) any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms, provided that, in the case of the Notes issued in NGN form, such additional or alternative clearing system must also be authorised to hold such Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations.

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in

another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

## **2.2 Transfers of Registered Notes in definitive form**

Subject as provided in Conditions 2.5, 2.6 and 2.7 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (with the prior written approval of the Trustee) (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the Registrar will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver, or procure the delivery of, at its specified office or the specified office of a Transfer Agent to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form, duly authenticated by the Registrar, of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

## **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 9, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

## **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

## **2.5 Transfers of interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (a) upon receipt by the Registrar of a written certification substantially in the form set out in the Trust Deed, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
  - (i) to a person whom the transferor reasonably believes to be a QIB in a transaction meeting the requirements of Rule 144A; or
  - (ii) to a person who is an Institutional Accredited Investor, together with, in the case of (ii), a duly executed investment letter from the relevant transferee substantially in the form set out in the Trust Deed (an **IAI Investment Letter**); or
- (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S.

counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (a)(i) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (a)(ii) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

## **2.6 Transfers of interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately through Euroclear and/or Clearstream, Luxembourg; or
- (b) to a transferee who takes delivery of such interest through a Legended Note:
  - (i) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
  - (ii) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the legend, the Registrar shall deliver only Legended Notes or refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

## **2.7 Exchanges and transfers of Registered Notes generally**

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

## **2.8 Transfer of Registered Notes issued by UniCredit International Luxembourg**

Notwithstanding anything to the contrary in this Condition 2, Notes in registered form issued by UniCredit International Luxembourg will be numbered serially with an identifying number which will be recorded in the register of the Noteholders of UniCredit International Luxembourg held by the Registrar and a copy of which (at all times in an up-to-date version) is held at the registered office of UniCredit International Luxembourg.

In the case of discrepancy between the register of the Noteholders of UniCredit International Luxembourg held by the Registrar and the register kept by UniCredit International Luxembourg, the registrations in the register held by UniCredit International Luxembourg shall prevail for Luxembourg law purposes.

## **2.9 Definitions**

In this Condition, the following expressions shall have the following meanings:

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

**Institutional Accredited Investor** means accredited investors (as defined in Rule 501(a) (1), (2), (3) or (7) under the Securities Act) that are institutions;

**Legended Note** means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

**QIB** means a “qualified institutional buyer” within the meaning of Rule 144A as defined below; **Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Note** means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Note** means a Registered Global Note representing Notes sold in the United States or to QIBs; and

**Securities Act** means the United States Securities Act of 1933, as amended.

## **3. GUARANTEED NOTES**

This Condition 3 applies only to Notes specified in the applicable Final Terms as being Guaranteed Notes.

If the Notes are specified in the applicable Final Terms to be guaranteed (**Guaranteed Notes**), the Guarantor has unconditionally and irrevocably guaranteed the due performance of all payment and other obligations of the Issuer under the Notes, Receipts and Coupons, these Conditions and the Trust Deed. The obligations of the Guarantor in this respect (the **Guarantee**) are contained in the Trust Deed.

## **4. STATUS OF THE SENIOR NOTES AND THE SENIOR GUARANTEE**

This Condition 4 applies only to Notes specified in the applicable Final Terms as being Senior Notes.

The Senior Notes and any relative Receipts and Coupons and (in the case of Guaranteed Notes) the obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and the Guarantor respectively, ranking equally (subject to any obligations preferred by any applicable law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer and the Guarantor respectively, present and future and, in the case of the Senior Notes, *pari passu* and rateably without any preference among themselves. Any payment by the Guarantor under the Guarantee shall (to the extent of such payment) extinguish the corresponding debt of the Issuer.

## **5. STATUS OF THE SUBORDINATED NOTES AND THE SUBORDINATED GUARANTEE**

This Condition 5 applies only to Notes specified in the applicable Final Terms as being Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes or Tier III Subordinated Notes (together referred to in these Conditions as **Subordinated Notes**).

Paragraphs 5.1 to 5.3 apply only to Subordinated Notes issued by UniCredit, paragraph 5.4 applies only to the Subordinated Guarantee in respect of UniCredit Ireland Subordinated Notes and paragraphs 5.5 to 5.7 apply only in relation to Lower Tier II Subordinated Notes and Upper Tier II Subordinated Notes issued by UniCredit Ireland (together referred to in these Conditions also as **UniCredit Ireland Subordinated Notes**).

### 5.1 Status of Subordinated Notes issued by UniCredit

- (a) Upper Tier II Subordinated Notes (*strumenti ibridi di patrimonializzazione*, as defined in Title I, Chapter 2, Section II, paragraph 4.1 of the Regulations of the Bank of Italy (*Istruzioni di Vigilanza della Banca d'Italia*) and Bank of Italy Circular No.263 of 27 December 2006 as amended and supplemented (the **Bank of Italy Regulations**) or in any provision which, from time to time, amends or replaces such definition), Lower Tier II Subordinated Notes (*passività subordinate di 2° livello*, as defined in Title I, Chapter 2, Section II, paragraph 4.2 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition) and Tier III Subordinated Notes (*passività subordinate di 3° livello*, as defined in Title I, Chapter 2, Section II, paragraph 1.5 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition) and any relative Receipts and Coupons constitute unconditional, unsecured and subordinated obligations of UniCredit and, subject to Conditions 5.2(a), 5.2(b) and 5.3, rank *pari passu* without any preference among themselves except as otherwise provided in these Conditions in connection with Upper Tier II Subordinated Notes.
- (b) In the event of the winding-up, dissolution, liquidation or bankruptcy of UniCredit or in the event that UniCredit becomes subject to an order for *Liquidazione Coatta Amministrativa*, as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended (the **Italian Banking Act**) the payment obligations of UniCredit under the Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredit and after all creditors of UniCredit holding instruments which are less subordinated than the relevant Subordinated Notes but at least *pari passu* with all other subordinated obligations of UniCredit which do not rank or are not expressed by their terms to rank junior or senior to the relevant Subordinated Notes and in priority to the claims of shareholders of UniCredit.
- (c) In relation to each Series of Subordinated Notes all Subordinated Notes of such Series will be treated equally and all amounts paid by UniCredit in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.
- (d) Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

### 5.2 Special provisions relating to Upper Tier II Subordinated Notes

#### (a) Loss Absorption

To the extent that UniCredit at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredit to reduce its paid up share capital and reserves below the minimum capital as provided for by the Bank of Italy from time to time for the issuance or maintenance of the Bank of Italy's authorisation to carry on banking activities and as determined by the external auditors of UniCredit and certified in writing to the Trustee by two Directors of UniCredit (the **Minimum Capital**), the obligations of UniCredit in respect of principal and interest under the Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UniCredit, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital.

The obligations of UniCredit in respect of principal and interest under the Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligations has occurred:

- (i) in whole, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of the UniCredit had not been so reduced in accordance with this Condition 5.2(a); and
- (ii) in whole or in part, from time to time, to the extent that UniCredit, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of principal and interest in accordance with this Condition 5.2(a).

UniCredit shall forthwith give notice of any such reduction and/or reinstatement to the Trustee and to the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

**(b) Deferral of Interest**

UniCredit will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (i) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredit or paid in respect of any class of shares of UniCredit during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date, or (ii) the Board of Directors of UniCredit has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (A) in part *pari passu* and *pro rata* if and to the extent that UniCredit makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims not including Lower Tier II Subordinated Notes and Tier III Subordinated Notes; and (B) in full on the earliest to occur of (I) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredit; (II) the date for repayment of the Upper Tier II Subordinated Notes; and (III) the date on which the *Liquidazione Coatta Amministrativa* of UniCredit is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredit becomes subject to a liquidation order.

UniCredit shall forthwith give notice of any such deferral of interest to the Trustee and the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

**5.3 Special provisions relating to Tier III Subordinated Notes – Lock-in Clause**

(a) The payment of the sums due with respect to interest and/or principal on Tier III Subordinated Notes will be entirely suspended and deferred, and any such suspension and deferral to pay shall not constitute a default of UniCredit under these Conditions if, at the time any such payment becomes due:

- (i) UniCredit's Total Amount of Regulatory Capital (as defined below) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredit, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis; or
- (ii) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes, UniCredit's Total Amount of Regulatory Capital becomes, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredit, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis.

(b) UniCredit's Total Amount of Regulatory Capital means:

- (i) on an unconsolidated basis, the aggregate amount of the items stated and defined in subparagraphs (A), (B), (C), (D), (E), and (F) below and any additional, replacement and/or adjusted or other items, in each case which may from time to time be required to be included pursuant to the then applicable Bank of Italy Regulations for the purposes of calculating UniCredit's Total Amount of Regulatory Capital;
- (ii) on a consolidated basis, the aggregate amount of the items listed in subparagraph (i) above, calculated on a consolidated basis, according to the Bank of Italy Regulations from time to time applicable,

where:

- (A) taken as a positive figure, means the aggregate amount of the regulatory capital of UniCredit (*Patrimonio di Vigilanza*), calculated on an unconsolidated basis, as set forth in the then applicable Bank of Italy Regulations;

- (B) taken as a positive figure, means the aggregate amount of any indebtedness of UniCredit qualified by the Bank of Italy as *passività subordinate di 3° livello*, intended to cover the minimum capital requirements for market risks, calculated on an unconsolidated basis (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition) in accordance with the following paragraph (C), provided however that the amount of such indebtedness can only be included up to the absolute amount of the following paragraph (C);
  - (C) taken as a negative figure, means the minimum capital requirements for market risks of UniCredit, calculated on an unconsolidated basis (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition);
  - (D) taken as a negative figure, means the excess of the limit to the ownership of shareholdings in nonfinancial companies acquired by UniCredit following the recovery of credits (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition);
  - (E) taken as a negative figure, means the excess over the limit on the ownership of real estate acquired by UniCredit following the recovery of credits (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition); and
  - (F) taken as a negative figure, means any additional specific capital requirements imposed on UniCredit by the Bank of Italy, to the extent not taken into account in paragraphs (C) to (E).
- (c) For the purposes of the Tier III Subordinated Notes, UniCredit's Total Amount of Regulatory Capital is deemed to be equal to or more than the minimum credit risk (*rischio creditizio*) capital requirements of UniCredit as required by the then applicable Bank of Italy Regulations, when:
- (i) UniCredit's Total Amount of Regulatory Capital, calculated on an unconsolidated basis, is equal to or more than the 7 per cent. (or such other percentage as may be, from time to time, set forth, on an unconsolidated basis, by the Bank of Italy) of the aggregate weighted assets to be comprised in the calculation, on an unconsolidated basis, of the minimum capital requirements of UniCredit (such assets being defined in the Bank of Italy Regulations or any provision which amends or replaces such definition); and
  - (ii) UniCredit's Total Amount of Regulatory Capital, calculated on a consolidated basis, is equal to or more than 8 per cent. (or such other percentage as the Bank of Italy may, from time to time, require on a consolidated basis) of the aggregate weighted assets to be comprised in the calculation of the consolidated minimum capital requirements of the banking group controlled directly or indirectly by UniCredit (such assets being defined in the Bank of Italy Regulations or any provision which amends or replaces such definition).
- (d) The obligations of UniCredit to effect the payment of interest (including Arrears of Interest and Default Interest (each as defined below)) not paid when due and/or to repay principal not repaid when due, in each case in accordance with Condition 5.3(a), will (subject to, and to the extent provided in, Condition 5.3(e)), be reinstated and will start to accrue in whole and as if the payment obligations of UniCredit had never been so suspended (but without prejudice to the subordination provided for in Condition 5.1):
- (i) in the event of a bankruptcy, dissolution, liquidation or winding-up of UniCredit or in the event that UniCredit becomes subject to an order for *Liquidazione Coatta Amministrativa*; or
  - (ii) in the event that UniCredit's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of UniCredit, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank of Italy Regulations.
- (e) Where, following any suspension and deferral pursuant to Condition 5.3(a), the obligation to pay interest (including Arrears of Interest and Default Interest) and/or to repay principal has been reinstated pursuant to Condition 5.3(d)(ii), the obligation will become effective at and will be paid on the first Interest Payment Date (or, if none, on the tenth Business Day) immediately following the date of receipt by the Bank of Italy of a Report (as defined below), according to which UniCredit's Total Amount of

Regulatory Capital net of amounts to be paid in respect of interest and/or repayment of principal, both on an unconsolidated and consolidated basis, is equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements set forth by the then applicable Bank of Italy Regulations.

If the payment of interest and/or the repayment of principal has been suspended pursuant to the provisions of Condition 5.3(a), the reinstatement of the obligation to make payment and/or repayment in respect thereof pursuant to Condition 5.3(d) shall, where there are insufficient amounts pursuant to the foregoing provisions to make full payment in respect thereof, be made in part as such amounts become so available pursuant to the foregoing provisions in the following order:

- (i) payment of any Default Interest (as defined below) (where not paid in full, Default Interest shall be paid in the order in which it accrued);
- (ii) payment of any Arrears of Interest (as defined below) (where not paid in full, Arrears of Interest shall be paid in the order in which it accrued);
- (iii) payment of interest otherwise due pursuant to Condition 7; and
- (iv) repayment of principal.

All payments to holders of Tier III Subordinated Notes will be made on a *pro rata* basis.

- (f) If for any reason (including, but not limited to, merger or any other extraordinary transaction) UniCredit, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, the percentage referred to in Condition 5.3(c)(i) will be the percentage required by the then applicable Bank of Italy Regulations on an unconsolidated basis.
- (g) If for any reason (including, but not limited to, merger or any other extraordinary transaction) UniCredit, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, all references in this Condition 5.3 to parameters referred to consolidated figures of the Issuer will automatically be voided, becoming references to parameters calculated on an unconsolidated basis (but without prejudice to the provisions of Condition 5.3(d)).
- (h) **Arrears of Interest and Default Interest**

Any interest that UniCredit does not pay when due shall constitute, for the purposes of the Tier III Subordinated Notes, **Arrears of Interest**.

Arrears of Interest not paid by UniCredit in accordance with Condition 5.3(a) shall not bear default interest. In all other cases, Arrears of Interest not paid by UniCredit when due for reasons other than those provided for in Condition 5.3 shall accrue default interest (**Default Interest**) at the Rate of Interest in accordance with Condition 7 as if references therein to the outstanding nominal amount of a Note were references to the Arrears of Interest in respect thereof.

Such Default Interest will accrue during the entire period from the date of the failure to pay Arrears of Interest until the date of their full payment.

- (i) In these Terms and Conditions:

**Report** means the report that UniCredit, under the Bank of Italy Regulations, is required to send semi-annually to the Bank of Italy for purposes of the control of compliance with minimum regulatory capital requirements, on an unconsolidated and consolidated basis, as at 31 December and 30 June of each fiscal year. For the purposes of these Terms and Conditions, neither the quarterly report which Italian banks are required to send for the sole purposes of the control of compliance with the minimum regulatory capital requirements on an unconsolidated basis as at 31 March and 30 September of each fiscal year, nor any such other reporting which the Bank of Italy may in the future require to be made, will be taken into account.

The Trustee shall be entitled to rely on any notices or reports from the Issuer to the Bank of Italy as to the value from time to time of UniCredit's Total Amount of Regulatory Capital without further investigation.

#### 5.4 Status of the Subordinated Guarantee

The obligations of UniCredit in respect of each Series of UniCredit Ireland Subordinated Notes (the **Subordinated Guarantee**) constitute direct, unsecured and subordinated obligations of UniCredit.

All amounts paid by UniCredit under the Subordinated Guarantee in respect of principal and interest on each Series of Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes issued by UniCredit Ireland will be paid *pro rata* on all Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes issued by UniCredit Ireland, as the case may be, of such Series.

In the event of the winding-up, dissolution, liquidation or bankruptcy of UniCredit or in the event that UniCredit becomes subject to an order for *Liquidazione Coatta Amministrativa*, as defined in the Italian Banking Act, the payment obligations of UniCredit under the Subordinated Guarantee shall rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredit but at least *pari passu* with all other present and future subordinated obligations of UniCredit of the same nature and in priority to the claims of shareholders of UniCredit.

##### (a) Status of the Subordinated Guarantee in respect of the Upper Tier II Subordinated Notes

###### (i) *Loss Absorption*

To the extent that UniCredit at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredit to reduce its capital below the Minimum Capital, the obligations of UniCredit under the Subordinated Guarantee in respect of principal and interest payable by UniCredit Ireland under the Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UniCredit, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital.

The obligations of UniCredit in respect of such principal and interest under the Upper Tier II Subordinated Notes under the Subordinated Guarantee which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligations has occurred:

- (A) in whole, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of UniCredit had not been so reduced in accordance with this Condition 5.4(a)(i) and if the relevant payment obligations have otherwise matured or become enforceable; and
- (B) in whole or in part, from time to time, to the extent that UniCredit, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of such principal and interest under this Guarantee in accordance with this Condition 5.4(a)(i).

UniCredit shall forthwith give notice of any such reduction and/or reinstatement to the Trustee and the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

###### (ii) *Deferral of Interest*

UniCredit will not be required to make any payment under the Subordinated Guarantee in respect of interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (A) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredit or paid in respect of any class of shares of UniCredit during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date or (B) the Board of Directors of UniCredit has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts in respect of interest will constitute, for the purposes of Upper Tier II Subordinated Notes, Arrears of Interest, which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated

Notes. Arrears of Interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (I) in part *pari passu* and *pro rata* if and to the extent that UniCredit makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and (II) in full on the earliest to occur of (1) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredit; (2) the date for repayment of the Upper Tier II Subordinated Notes; or (3) the date on which the *Liquidazione Coatta Amministrativa* of UniCredit is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredit becomes subject to a liquidation order. UniCredit shall forthwith give notice of any such deferral of interest to the Trustee and the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

(iii) *Subordination of the Upper Tier II Subordinated Notes*

In the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit, the payment obligations of UniCredit under the Subordinated Guarantee in respect of amounts relating to each Series of the Upper Tier II Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) and payment obligations of UniCredit under the Subordinated Guarantee in respect of amounts relating to the Lower Tier II Subordinated Notes and senior to the claims of shareholders of UniCredit.

(b) **Status of the Subordinated Guarantee in respect of the Lower Tier II Subordinated Notes**

In the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit, the payment obligations of UniCredit under the Subordinated Guarantee in respect of amounts relating to each Series of the Lower Tier II Subordinated Notes (*passività subordinate*) and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredit but at least senior to the payment obligations of UniCredit under the Subordinated Guarantee in respect of amounts relating to any Series of Upper Tier II Subordinated Notes and to the claims of shareholders of UniCredit.

**5.5 Status of Subordinated Notes issued by UniCredit Ireland**

- (a) Upper Tier II Subordinated Notes and any related Coupons constitute unconditional and unsecured obligations of UniCredit Ireland subordinated as described in Condition 5.7(a). Notes of each Series of Upper Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (b) Lower Tier II Subordinated Notes and any related Coupons constitute unconditional and unsecured obligations of UniCredit Ireland subordinated as described in Condition 5.6. Notes of each Series of Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (c) In relation to each Series of UniCredit Ireland Subordinated Notes, all UniCredit Ireland Subordinated Notes of such Series will be treated equally and all amounts paid by UniCredit Ireland in respect of principal and interest thereon will be paid *pro rata* on all UniCredit Ireland Subordinated Notes of such Series.
- (d) Each holder of a UniCredit Ireland Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy that it might otherwise have, under the laws of any jurisdiction, in respect of such UniCredit Ireland Subordinated Note.
- (e) The repayment of principal and the payment of interest in respect of UniCredit Ireland Subordinated Notes are obligations of UniCredit Ireland.

**5.6 Special Provisions relating to Lower Tier II Subordinated Notes**

In the event of a bankruptcy, examinership or liquidation of UniCredit Ireland, claims against UniCredit Ireland in respect of Lower Tier II Subordinated Notes (**Lower Tier II Claims**) will rank:

- (a) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the Lower Tier II Claims;

- (b) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the Lower Tier II Claims;
- (c) ahead of all claims of subordinated creditors that are more subordinated than the Lower Tier II Claims (which will include Upper Tier II Claims (as defined below)) and all claims in respect of the share capital of UniCredit Ireland.

All claims of subordinated creditors that have the same degree of subordination as the Lower Tier II Claims will be satisfied together and *pro rata* with the holders of the Lower Tier II Subordinated Notes, without any preference or priority.

#### **5.7 Special Provisions relating to Upper Tier II Subordinated Notes**

##### **(a) Subordination**

In the event of a bankruptcy, examinership or liquidation of UniCredit Ireland, claims against UniCredit Ireland in respect of Upper Tier II Subordinated Notes (**Upper Tier II Claims**) will rank:

- (i) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the Upper Tier II Claims (which will include Lower Tier II Claims);
- (ii) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the Upper Tier II Claims; and
- (iii) ahead of all claims in respect of the share capital of UniCredit Ireland.

All claims of subordinated creditors that have the same degree of subordination as the Upper Tier II Claims will be satisfied together and *pro rata* with the holders of the Upper Tier II Subordinated Notes, without any preference or priority.

##### **(b) Deferral of interest**

Notwithstanding the terms of any other Condition or provisions of, or relating to, the Upper Tier II Subordinated Notes, UniCredit Ireland shall not have any obligation to pay interest accrued in respect of such Notes and any failure to pay such interest shall not constitute a default of UniCredit Ireland for any purpose.

##### **(c) Loss absorption**

To the extent that UniCredit Ireland at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent UniCredit Ireland from continuing to trade (as determined by UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UniCredit Ireland in respect of interest and principal under the Upper Tier II Subordinated Notes, whether or not matured, will be reduced to the extent necessary to enable UniCredit Ireland to continue to trade in accordance with the requirements of law (as determined by the directors of UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such obligations shall be reinstated if UniCredit Ireland would, after such reinstatement and by reason of the occurrence of any event, be entitled to continue to trade (as determined by UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such reduction shall, subject to the below, be deemed to cease should UniCredit Ireland become, and for so long as it remains, subject to any bankruptcy or liquidation proceedings or process, and the obligations of UniCredit Ireland under the Upper Tier II Subordinated Notes shall, in such event, be treated as if they were not reduced in accordance with this Condition. If, at any time during such bankruptcy or liquidation proceedings or process, reduction of the obligations would enable such proceedings or process to be dismissed, discharged, stayed, restrained or vacated and UniCredit Ireland to continue to trade (as determined by UniCredit Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UniCredit Ireland under the Upper Tier II Subordinated Notes shall be deemed to be reduced.

The Trustee shall be entitled to rely on certificates of UniCredit Ireland in this regard without further investigation.

### 5.8 Special Provisions relating to obligations of the Issuer under Lower Tier II Subordinated Notes

Unless specified to the contrary in the relevant Final Terms, the Lower Tier II Subordinated Notes (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest) may be subject to loss absorption in accordance with the powers of the Bank of Italy in the case of Lower Tier II Subordinated Notes issued by UniCredit and of the Central Bank of Ireland and the Bank of Italy (where applicable or required) in the case of Lower Tier II Subordinated Notes issued by UniCredit Ireland or of any other authority or authorities having oversight of the relevant Issuer at the relevant time (the relevant **Competent Authority**) if the relevant Competent Authority determines that loss absorption of the Lower Tier II Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

## 6. REDENOMINATION

### 6.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, the Trustee, DTC, Euroclear and Clearstream, Luxembourg (as applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 18 and having notified the Trustee prior to the provision of such notice, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of €0.01 with a nominal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the prior written agreement of the Principal Paying Agent and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;
- (b) the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Agent and the Trustee may approve) €0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
  - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount, and in each case multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding; and
- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

## **6.2 Definitions**

In the Conditions, the following expressions have the following meanings:

**Central Bank of Ireland** shall mean the Central Bank of Ireland, and shall be deemed to include references to any predecessor or successor regulator;

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 6.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**Treaty** means the Treaty on the functioning of the European Union, as amended.

## **7. INTEREST**

### **7.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (but excluding) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the cases of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count

Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amount (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 7.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates that would normally occur in one calendar year; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## **7.2 Interest on Floating Rate Notes and Index Linked Interest Notes**

### **(a) Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls in the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 7.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall *apply mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (a) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (b) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate (LIBOR) or on the Eurozone interbank offered rate

(EURIBOR), the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A), no such offered quotation appears or, in the case of (B), fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such

sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**Calculation Agent** means the entity designated for such purpose as is specified in the applicable Final Terms.

**Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:

- (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (F) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (G) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (I) that day is the last day of February or (II) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (I) that day is the last day of February but not the Maturity Date or (II) such number would be 31 and in which case D<sub>2</sub> will be 30.

**(e) Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Luxembourg Stock Exchange at the latest on the first London Business Day of each Interest Period, the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 18 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 18. For the purposes of this paragraph (e), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(f) Determination or Calculation by Trustee**

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with paragraph (b) or (d) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (c) above, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) determine the Rate of Interest at

such rate plus or minus (as appropriate) the relevant margin (if any) as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 7.2, but subject always to paragraph (b) above, it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) calculate the Interest Amount(s) in the manner referred to in paragraph (d) above, and such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

**(g) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, or, if applicable, the Trustee, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Guarantor (in the case of the Guaranteed Notes), the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**7.3 Interest on Dual Currency Notes**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

**7.4 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**7.5 Interest on Credit Linked Notes**

In the case of Credit Linked Notes which are interest bearing Notes, the rate and/or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

**7.6 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 18.

**8. PAYMENTS**

**8.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

## 8.2 Payments Subject to Fiscal and Other Laws

Payments of any amount in respect of Notes, Receipts or Coupons will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 11, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

## 8.3 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 8.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 8.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 8.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 11) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 12) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

#### 8.4 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of the Principal Paying Agent. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Principal Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

#### 8.5 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (a) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date and (b) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (a) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (b) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar

to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### **8.6 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor (in the case of Guaranteed Notes).

### **8.7 Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 12) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (ii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

### **8.8 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 11;
- (b) the Final Redemption Amount of the Notes;

- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 9.6); and
- (g) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11.

Any reference in these Conditions to payment of any sums in respect of the Notes (including, in respect of Index Linked Notes, Physically-Settled Notes (as defined in Condition 9.12) and other structured Notes) shall be deemed to include, as applicable, delivery of any relevant Reference Asset (as defined in Condition 9.12) if so provided in the applicable Final Terms and references to “paid” and “payable” shall be construed accordingly.

## **9. REDEMPTION AND PURCHASE**

### **9.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will (subject, with respect to Upper Tier II Subordinated Notes issued by UniCredit, to the following paragraph; with respect to UniCredit Ireland Subordinated Notes, to the subsequent paragraph; and, with respect to Tier III Subordinated Notes, to the provisions of Condition 5.3) be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

The redemption of Upper Tier II Subordinated Notes issued by UniCredit shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on UniCredit maintaining its minimum capital requirements (*patrimonio di vigilanza*) as prescribed in the Bank of Italy Regulations immediately following redemption of the Upper Tier II Subordinated Notes. If such approval is not given on or prior to the Maturity Date, UniCredit will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required minimum capital. UniCredit will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the Maturity Date will continue to bear interest as provided in Condition 7.6.

Notwithstanding the terms of any other Condition or provisions of, or relating to, the UniCredit Ireland Subordinated Notes, the redemption of:

- (a) Upper Tier II Subordinated Notes issued by UniCredit Ireland at any time; and
- (b) Lower Tier II Subordinated Notes issued by UniCredit Ireland having:
  - (i) an original maturity of at least five years before the Maturity Date; or
  - (ii) no fixed maturity in circumstances where five years’ notice of redemption has not been given,

shall always be subject to the prior consent of the Central Bank of Ireland and any failure by UniCredit Ireland to redeem any such Notes where such consent has not been granted shall not constitute a default of UniCredit Ireland for any purpose. Consent to redemption is at the discretion of the Central Bank of Ireland but will not be granted on the initiative of the Noteholder or where the solvency of UniCredit Ireland would be affected.

### **9.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer (but subject to the prior approval of the Bank of Italy in the case of Subordinated Notes issued by UniCredit and of the Central Bank of Ireland in the case of Subordinated Notes issued by UniCredit Ireland) in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency

Interest Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and the Trustee and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 or the Guarantor (in the case of Guaranteed Notes) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 11) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, provided that in the case of Subordinated Notes any such change or amendment was not reasonably foreseeable by the relevant Issuer as at the date of the issue of the relevant Subordinated Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two authorised signatories of the Issuer or, as the case may be, two authorised signatories of the Guarantor stating that the said circumstances prevail and describe the facts leading thereto and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 9.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.2. Notes redeemed pursuant to this Condition 9.2 will be redeemed at their Early Redemption Amount referred to in Condition 9.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **9.3 Redemption for regulatory reasons (Regulatory Call)**

*This Condition 9.3 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes.*

If Regulatory Call is specified in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer (subject to the prior approval of the Bank of Italy in the case of Subordinated Notes issued by UniCredit and of the Central Bank of Ireland and the Bank of Italy (where applicable or required) in the case of Subordinated Notes issued by UniCredit Ireland), in whole, but not in part, at any time (if the Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 15 nor more than 30 days' notice to the Principal Paying Agent and the Trustee and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable), if, after consultation with the Bank of Italy in the case of Subordinated Notes issued by UniCredit and of the Central Bank of Ireland and the Bank of Italy (where applicable or required) in the case of Subordinated Notes issued by UniCredit Ireland, a proportion equal to or more than the Minimum Disqualification Amount of the Subordinated Notes ceases to qualify as "Lower Tier II capital", "Upper Tier II capital" or "Tier III capital", as applicable, as a result of changes after the date of issue of the relevant Subordinated Notes in the standards and guidelines implementing CRD IV in Italy or Ireland which were not reasonably foreseeable by the relevant Issuer as at the date of the issue of the relevant Subordinated Notes of: (i) the Bank of Italy in the case of Subordinated Notes issued by UniCredit; and (ii) in the case of Subordinated Notes issued by UniCredit Ireland (a) the Central Bank of Ireland or (b) where such Subordinated Notes qualified (prior to such cessation) as "Tier II capital" of UniCredit on a consolidated basis, the Bank of Italy.

In this Condition 9.3:

the **Minimum Disqualification Amount** means 10 per cent. of the aggregate outstanding nominal amount of the relevant Subordinated Notes; and

CRD IV means the legislative package consisting of the Directive and the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the most recent draft of which were dated 11 May 2012).

Prior to the publication of any notice of redemption pursuant to this Condition, the relevant Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two authorised signatories of the Issuer or, as the case may be, two authorised signatories of the Guarantor stating that the said circumstances prevail and describe the facts leading thereto and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 9.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.3. Notes redeemed pursuant to this Condition 9.3 will be redeemed at their Early Redemption Amount referred to in Condition 9.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

#### **9.4 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may (subject, in the case of Subordinated Notes, to the prior approval of the Bank of Italy or the Central Bank of Ireland, as applicable), having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 18; and
- (b) not less than 4 days before the giving of the notice referred to in (a), notice to the Trustee, the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

(which notice to the Noteholders shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 9.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 at least five days prior to the Selection Date.

#### **9.5 Redemption at the option of the Noteholders (Investor Put)**

*This Condition 9.5 applies only to Notes specified in the applicable Final Terms as being Senior Notes.*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 18 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not, in the case of a Bearer Note in definitive form, in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms. Registered Notes may be redeemed under this Condition 9.5 in any multiple of their lowest Specified Denomination.

If this Note is represented by a Global Note and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to any Paying Agent of such exercise in accordance with the standard procedures of Euroclear

and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or, as the case may be, the common safekeeper for them to any Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to any Paying Agent for notation accordingly.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph.

#### 9.6 Early Redemption Amounts

For the purpose of Condition 9.2 and Condition 9.3 above and Condition 13, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

#### 9.7 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 9.6 above.

#### 9.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

### **9.9 Purchases**

Subject as provided in the following paragraph, the Parent, the Issuer or any subsidiary of the Parent may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

Subordinated Notes may only be purchased by the Parent, the Issuer or any of the Parent's subsidiaries subject to the prior approval of the Bank of Italy or the Central Bank of Ireland, as appropriate, unless the Notes to be purchased (a) do not exceed 10 per cent. of the aggregate nominal amount of the Series and (b) are not purchased in order to be surrendered to any Paying Agent for cancellation.

### **9.10 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased by the Parent, the Issuer or any Subsidiary of the Issuer and surrendered to any Paying Agent for cancellation pursuant to Condition 9.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

### **9.11 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 9.1, 9.2, 9.3, 9.4 or 9.5 above or upon its becoming due and repayable as provided in Condition 13 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 9.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the Trustee or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 18.

### **9.12 Index Linked Notes and other Structured Notes**

The Issuer may, as indicated in the applicable Final Terms, be entitled to redeem Index Linked Notes or other structured Notes, including where the amount of principal and/or interest in respect of such Notes is based on the price, value, performance or some other factor relating to an asset or other property (**Reference Asset**), by physical delivery of all or part of the Reference Asset or of some other asset or property (**Physically-Settled Notes**).

### **9.13 Italian Civil Code**

The Notes are not subject to Article 1186 of the Italian Civil Code nor, to the extent applicable, to Article 1819 of the Italian Civil Code.

## **10. PROVISIONS APPLICABLE TO CREDIT LINKED NOTES**

The following provisions apply to Credit Linked Notes including First-to-Default Credit Linked Notes and Linear Basket Credit Linked Notes (subject as provided in the applicable Final Terms).

### **10.1 Redemption of Credit Linked Notes upon occurrence of Credit Event**

#### **(a) Credit Event Notice**

Unless otherwise stated in the applicable Final Terms, if at any time the Calculation Agent determines that a Credit Event has occurred during the Reference Period, whether or not such event is continuing, the Issuer may provide a notice (the **Credit Event Notice**) during the Notice Delivery Period to the Noteholders in accordance with Condition 18 of its intention to redeem the Credit Linked Notes (other than principal protected Credit Linked Notes or as otherwise stated in the applicable Final Terms), and if such notice is so given and the other Conditions to Settlement (as specified in the applicable Final Terms) are satisfied, the Issuer shall redeem all but not some of the Credit Linked Notes then outstanding on the Credit Event Redemption Date, subject to the provisions of Condition 10.12, as determined by the Calculation Agent in its sole discretion. Such redemption shall occur by

Physical Settlement and/or, if so specified in the applicable Final Terms, Cash Settlement or Auction Settlement.

The Credit Event Redemption Date may be a date falling after the originally scheduled Redemption Date in which case the originally scheduled Redemption Date shall be deemed to be replaced by the relevant date specified in the Credit Event Notice or otherwise notified to the Noteholders.

For the avoidance of doubt and notwithstanding any other provision of these Terms and Conditions, no amount of interest shall be payable on the Notes as from (and including) the Interest Payment Date (or, if none, the Interest Commencement Date) immediately preceding the date on which the Credit Event occurred, unless otherwise specified in the applicable Final Terms.

The Credit Event Notice shall (if appropriate) be published in the relevant newspaper(s) referred to in Condition 18 and shall:

- (i) describe the grounds on which the Calculation Agent has determined that there has been a Credit Event (but need not assert that a Credit Event is continuing);
- (ii) specify the Event Determination Date; and
- (iii) confirm that either (A) the Notes will be redeemed by delivery of the Deliverable Obligations as specified in the Notice of Physical Settlement (in the case of Physical Settlement and subject to the provisions of Condition 10.11) or (B) the Notes will be redeemed at their Cash Settlement Amount (in the case of Cash Settlement) or (C) the Notes will be redeemed at their Auction Settlement Amount (in the case of Auction Settlement), in each case on the Credit Event Redemption Date.

Unless otherwise stated in the applicable Final Terms in respect of principal protected Credit Linked Notes or otherwise, once a Credit Event has occurred during the Reference Period and a Credit Event Notice has been issued, the Issuer's only obligation, other than to deliver a Notice of Publicly Available Information (if specified in the applicable Final Terms) and in the case of Cash Settlement, a Reference Obligation Notice and, in the case of Physical Settlement, a Notice of Physical Settlement, shall be to deliver (subject to the provisions of Conditions 10.5, 10.6, 10.7 and 10.8 below) the Deliverable Obligations (in the case of Physical Settlement) and/or, as the case may be, pay the Cash Settlement Amount (in the case of Cash Settlement), or, as the case may be, pay the Auction Settlement Amount (in the case of Auction Settlement), on the Credit Event Redemption Date. Upon delivery of the Deliverable Obligations and/or, as the case may be, payment of the Cash Settlement Amount or Auction Settlement Amount in respect of each Note, the Issuer shall have discharged all of its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event, there may be more than one Credit Event Notice delivered in respect of the same Reference Entity, as further described in Condition 10.12 below.

If "First to Default Credit Linked Note" is specified as "Applicable" in the Final Terms, then this paragraph (a) shall apply only to the Reference Entity in respect of which a Credit Event has occurred first in time with respect to the other Reference Entities specified in the Final Terms.

**(b) Determination of the occurrence of a Credit Event**

The Calculation Agent shall determine whether or not a Credit Event has occurred during the Reference Period or whether ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that a Credit Event has occurred. The Calculation Agent shall, however, have no duty or responsibility to investigate or check whether such Credit Event has or may have occurred or is continuing on any date and shall be entitled to assume, in the absence of actual knowledge to the contrary of the employees or officers of the Calculation Agent directly responsible for the time being for making determinations hereunder, that no Credit Event has occurred or is continuing.

When determining the existence or occurrence of any Credit Event, the determination shall be made without regard to:

- (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;

- (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (iv) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

If the Calculation Agent determines in its sole and absolute discretion or if ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that a Credit Event has occurred during the Reference Period, the Calculation Agent shall promptly notify the Issuer and the Principal Paying Agent. The determination by the Calculation Agent of the occurrence of a Credit Event shall (in the absence of wilful default, bad faith or manifest error) be conclusive and binding on all persons (including, without limitation, the Noteholders).

(c) **Calculation Agent and notices**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under or pursuant to this Condition shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or discretions under or pursuant to the Notes including, without limitation, the giving of any notice to any party, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

A notice delivered by the Calculation Agent on or prior to 5.00 p.m., London time, on a London Business Day will be effective on such London Business Day. A notice delivered after 5.00 p.m., London time, will be deemed effective on the next following London Business Day regardless of the form in which it is delivered. For the purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one London Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice. If that written confirmation is not received within such time, the party obligated to deliver that confirmation will be deemed to have satisfied its obligation to deliver such written confirmation at the time that a written confirmation of the oral notice is received.

**10.2 Auction Settlement**

Where the Issuer is to redeem Notes by means of Auction Settlement, the redemption of each Note shall be effected by the payment of the Auction Settlement Amount determined pursuant to an Auction on the Credit Event Redemption Date, such amount to be apportioned *pro rata* among the Noteholders, rounding the resulting figure downwards to the nearest sub-unit of the relevant currency.

If Swap Unwind Amount is specified as “Applicable” in the Final Terms, then the Issuer shall pay the Auction Settlement Amount, subject to adjustment after taking into consideration the Swap Unwind Amount pursuant to the following:

- (a) if the Swap Unwind Amount results in a net loss to the Issuer, then the net loss shall be deducted from the Auction Settlement Amount otherwise payable to Noteholders; or
- (b) if the Swap Unwind Amount results in a net gain to the Issuer, such net gain shall be paid to add to the Auction Settlement Amount otherwise payable to Noteholders.

Unless settlement has occurred in accordance with the above paragraph, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date,

the Issuer has not exercised the Movement Option), (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date, (d) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date or (e) a Credit Event Determination Date was determined pursuant to paragraph (b)(B)(II) of the definition of Credit Event Determination Date, then:

- (a) if Fallback Settlement Method – Cash Settlement is specified as applicable in the applicable Final Terms and the Notes are not Linear Basket Credit Linked Notes, the Issuer shall redeem the Notes in accordance with Condition 10.4; or
- (b) if Fallback Settlement Method – Physical Settlement is specified as applicable in the applicable Final Terms and the Notes are not Linear Basket Credit Linked Notes, the Issuer shall redeem the Notes in accordance with Condition 10.3; or
- (c) if the Notes are Linear Basket Credit Linked Notes, the Issuer shall redeem a portion of the principal amount of each Note equal to the Applicable Proportion in accordance with Condition 10.4 or 10.3, as applicable.

### **10.3 Physical Settlement**

Where the Issuer is to redeem the Notes by means of Physical Settlement, the redemption of the Notes shall, subject as provided in Condition 19, be effected by the delivery by the Delivery Agent on behalf of the Issuer to the Noteholders of the Deliverable Obligations on the Credit Event Redemption Date. If the Notes are Linear Basket Credit Linked Notes, redemption of the Notes refers to a portion of the principal amount of each Note equal to the Applicable Proportion.

If Swap Unwind Amount is specified as “Applicable” in the Final Terms, then the Delivery Agent on behalf of the Issuer shall deliver the Deliverable Obligations subject to adjustment after taking into consideration the Swap Unwind Amount pursuant to the following:

- (a) if the Swap Unwind Amount results in a net loss to the Issuer, then an amount of the Deliverable Obligations selected by the Delivery Agent in its sole discretion equivalent in value in aggregate to such net loss shall be deducted from the Deliverable Obligations, and the remaining portion of the Deliverable Obligations, if any, shall be delivered; or
- (b) if the Swap Unwind Amount results in a net gain to the Issuer, such net gain shall be paid in cash to the Noteholders on or before the Physical Settlement Date in addition to the delivery of the Deliverable Obligations.

In the case of Deliverable Obligations that are Borrowed Money obligations, (i) the Issuer will deliver Deliverable Obligations with an outstanding principal balance (including accrued but unpaid interest (as determined by the Calculation Agent) if “Include Accrued Interest” is specified in the Final Terms, but excluding accrued but unpaid interest if “Exclude Accrued Interest” is specified in the Final Terms, and if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the Final Terms, excluding accrued but unpaid interest) and (ii) in the case of Deliverable Obligations that are not Borrowed Money obligations, the Issuer will deliver Deliverable Obligations with a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent amount in the applicable currency of any such amount), in an aggregate amount as close as possible to the outstanding Aggregate Nominal Amount of the Notes.

The portion of Deliverable Obligations deliverable in respect of each Note shall be determined by reference to the proportion that the Specified Denomination of such Note bears to the outstanding Aggregate Nominal Amount of the Notes. In the case of Linear Basket Credit Linked Notes, interest shall cease to accrue on the relevant Applicable Proportion of the Specified Denomination of each Note.

Unless otherwise specified in the applicable Final Terms, a Notice of Physical Settlement must be delivered by the Issuer to the Noteholders in accordance with Condition 18 on or before the thirtieth calendar day after the relevant Event Determination Date (such thirtieth calendar day being the **Physical Determination Date**). For purposes of determining whether such Notice of Physical Settlement has been so delivered by the

Physical Determination Date, the date of the Notice of Physical Settlement (whether or not subsequently changed) shall be used.

For the avoidance of doubt, failure to deliver a Notice of Physical Settlement to the Noteholders shall not relieve the Issuer from its obligation to redeem the Notes. If on the Physical Determination Date no Notice of Physical Settlement has been delivered to the Noteholders in accordance with Condition 18, the Issuer shall be obliged to redeem the Notes in cash at their outstanding Aggregate Nominal Amount as soon as reasonably practicable and the date on which the Notes are redeemed shall be deemed to be the Credit Event Redemption Date.

#### **10.4 Cash Settlement**

Where the Issuer is to redeem the Notes by means of Cash Settlement, the redemption of each Note shall be effected by the payment by the Issuer to the Noteholder of the Cash Settlement Amount on the Cash Settlement Date, such amount to be apportioned *pro rata* among the Noteholders, rounding the resulting figure downwards to the nearest sub-unit of the relevant currency. If the Notes are Linear Basket Credit Linked Notes, the redemption of each Note refers to a portion of the principal amount of each Note equal to the Applicable Proportion.

If Swap Unwind Amount is specified as “Applicable” in the Final Terms, then the Issuer shall pay the Cash Settlement Amount, subject to adjustment after taking into consideration the Swap Unwind Amount pursuant to the following:

- (a) if the Swap Unwind Amount results in a net loss to the Issuer, then the net loss shall be deducted from the Cash Settlement Amount otherwise payable to Noteholders; or
- (b) if the Swap Unwind Amount results in a net gain to the Issuer, such net gain shall be paid to add to the Cash Settlement Amount otherwise payable to Noteholders.

#### **10.5 Partial Cash Settlement due to illegality or impossibility**

If, due to an event beyond the control of the Issuer or a Noteholder (including, without limitation, failure of the relevant clearing system or due to any law, regulation or court order but excluding market conditions, the inability to *pro rata* divide any Deliverable Obligation or the failure to obtain any requisite consent with respect to the Delivery of Loans), the Calculation Agent determines in its sole discretion that it is impossible or illegal for the Delivery Agent or the Issuer to deliver, or (as the case may be) for such Noteholder to accept delivery of, any portion of the Deliverable Obligations on the Physical Settlement Date, then on such date:

- (a) the Issuer shall, or cause the Delivery Agent to, deliver, and the Noteholder shall take delivery of, that portion of the Deliverable Obligations which it is possible and legal to deliver; and
- (b) the Calculation Agent shall provide a description to the Issuer and the relevant Noteholder(s) in reasonable detail of the facts giving rise to such impossibility or illegality and as soon as practicable thereafter the Delivery Agent or, as the case may be, the Issuer shall deliver and the Noteholder shall take delivery of the portion of the Deliverable Obligations which has not been delivered and such date will be deemed to be the Credit Event Redemption Date.

If, upon the determination by the Calculation Agent as aforesaid of the occurrence of any such impossibility or illegality, the Deliverable Obligations are not delivered to the Noteholder(s) (or any of their designees) on or before the Latest Permissible Physical Settlement Date, Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to such portion of the Deliverable Obligations that cannot be delivered (the **Undeliverable Obligations**).

#### **10.6 Partial Cash Settlement of Loans**

Where the applicable Final Terms provides that “Assignable Loan” and/or “Consent Required Loan” is/are included in the “Deliverable Obligation Characteristics”, if any Assignable Loans or Consent Required Loans are not on the Physical Settlement Date capable of being assigned or novated to any particular Noteholder or the Noteholder’s designee due to non-receipt of any requisite consents and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date (together the **Undeliverable Loan Obligations**), Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to that portion of the Deliverable Obligations that consists of Undeliverable Loan Obligations. In such circumstances the Issuer may satisfy its obligations in respect of such portion of the Deliverable Obligations by payment of the Cash Settlement Amount on the Cash Settlement Date.

### 10.7 Alternative Cash Settlement

If with respect to Physically-Settled Notes, (a) the Deliverable Obligations comprise Bonds, Assignable Loans or Consent Required Loans (the **Deliverable Assets**) and if (b), in the opinion of the Calculation Agent, any particular Noteholder is not eligible for any reason for Physical Settlement for any part of such Deliverable Assets (the **Non-Eligible Deliverable Assets**), then such Non-Eligible Deliverable Assets will be subject to Cash Settlement pursuant to the Partial Cash Settlement Terms. In such circumstances the Issuer may satisfy its obligations in respect of such Non-Eligible Deliverable Assets by payment to such Noteholder of the Cash Settlement Amount on the Cash Settlement Date.

### 10.8 No Deliverable Obligations

Where the Issuer is to redeem the Notes by means of Physical Settlement (or by Cash Settlement or in connection with principal protected Credit Linked Notes, in either case when necessary calculations relate to Deliverable Obligations or Deliverable Obligation Characteristics), if a Credit Event occurs with respect to any particular Reference Entity and the Calculation Agent determines in its sole discretion that (a) no Deliverable Obligation exists on the Physical Settlement Date (or the Valuation Date, as the case may be), or (b) the Issuer, or the Delivery Agent on the Issuer's behalf, is for any reason (other than (a) immediately above or as set out in Condition 10.5 or 10.6 above or in the applicable Final Terms), unable to procure any Deliverable Obligations, or a sufficient amount of Deliverable Obligations, by the thirtieth day following the Physical Settlement Date, then the Calculation Agent shall have the right in its sole discretion to either (i) in the case of (a) above, cause all of the Notes to become due and repayable as soon as reasonably practicable at their outstanding Aggregate Nominal Amount (excluding accrued interest) or (ii) in the case of (b) above, either (A) elect Physical Settlement in a *pro rata* fashion for that portion of each Note to the extent that the aggregate amount of Deliverable Obligations due exceeds the aggregate amount of Deliverable Obligations available and elect Cash Settlement for the remaining portion of each Note in accordance with (B) below, or (B) elect that Cash Settlement pursuant to the Partial Cash Settlement Terms shall apply to such Deliverable Obligation (such Deliverable Obligation being deemed an Undeliverable Obligation for these purposes) and the Issuer may satisfy its obligations in respect of such Deliverable Obligation by payment to the Noteholder(s) of the Cash Settlement Amount on the Cash Settlement Date, such amount to be apportioned *pro rata* among the Noteholders.

### 10.9 Partial Cash Settlement Terms

The following terms are deemed to be defined as follows for the purposes of the Partial Cash Settlement Terms referred to in Conditions 10.5, 10.6, 10.7 and 10.8 above:

- (a) **Cash Settlement** is deemed to be the payment by the Issuer of the Cash Settlement Amount to the Noteholders on the Cash Settlement Date;
- (b) **Cash Settlement Amount** is deemed to be, for each Undeliverable Obligation or Undeliverable Loan Obligation, the aggregate of the greater of (i) the aggregate of (A) outstanding principal balance, Due and Payable Amount or the amount in the applicable currency, as applicable, of each Undeliverable Obligation or Undeliverable Loan Obligation, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Undeliverable Loan Obligation and (ii) zero;
- (c) **Cash Settlement Date** is deemed to be the date that is three Business Days after the calculation of the Final Price or such other date specified in the relevant Final Terms;
- (d) **Latest Permissible Physical Settlement Date** means, in respect of Condition 10.5, the date that is 30 calendar days after the Physical Settlement Date and, in respect of Condition 10.6, the date that is 15 Business Days after the Physical Settlement Date;
- (e) **Valuation Date** is deemed to be the date that is two Business Days after the Latest Permissible Physical Settlement Date;
- (f) **Valuation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be (i) if only one Valuation Date, Highest, or (ii) if more than one Valuation Date, the average Highest, or if "Market" has been designated in the relevant Final Terms, "Market Value" shall apply;
- (g) **Quotation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be bid;

- (h) **Quotation Amount** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, with respect to each type of Undeliverable Obligation, Undeliverable Loan Obligation or Non-Eligible Deliverable Asset, an amount equal to the outstanding principal balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Undeliverable Loan Obligation;
- (i) **Minimum Quotation Amount** shall be as specified in the applicable Final Terms or shall be deemed to be equal to the applicable Specified Denomination of the Notes;
- (j) **Valuation Time** is deemed to be 11.00 a.m. London time, or 11.00 a.m. in the principal trading market of the relevant obligation as determined by the Calculation Agent, unless stated otherwise in the applicable Final Terms;
- (k) **Market Value** means, with respect to obligations being valued on a Valuation Date: (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest and lowest values, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; and (v) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained on any of the next ten Business Days thereafter, any one Full Quotation on such tenth Business Day, or if no Full Quotation is obtained, the Market Value shall be the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day;
- (l) **Quotation** means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day;

- (m) **Dealer** means a dealer, financial institution or fund (which, for the avoidance of doubt, shall include the Issuer (in the case of UniCredit as Issuer) or any Affiliate of the Issuer) that deals or invests in obligations of the type of Obligation(s) for which Quotations are to be obtained. The Calculation Agent shall select the Dealers in good faith and in a commercially reasonable manner. Upon a selected Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing. Any bid quotation provided by the Issuer shall be deemed to be a firm quotation that it would provide to a counterparty in the market;
- (n) **Highest** means the highest Quotation obtained by the Calculation Agent (or in accordance with the definition of “Quotation”) with respect to any Valuation Date; and

- (o) **Final Price** means the price of the obligation being valued, expressed as a percentage, determined in accordance with the specified Valuation Method. The Calculation Agent shall, as soon as practicable after obtaining all Quotations for a Valuation Date, notify the Issuer of each such Quotation that it receives in connection with the calculation of the Final Price and shall provide the Issuer with a written computation showing its calculation of the Final Price.

**10.10 Maturity Date extension**

Unless otherwise stated in the applicable Final Terms if, prior to any payment date under the Notes: (a) a Potential Failure to Pay has occurred with respect to one or more of the Obligations; (b) under the terms of such Obligation(s), a grace period is applicable to payments under the Obligation(s); and (c) such grace period does not expire on or prior to such payment date under the Notes, then such Interest Payment Date or, as the case may be, the Maturity Date, shall be postponed until the fifth Business Day after such Potential Failure to Pay has been remedied, provided that a Credit Event shall be deemed to have occurred, and no payment shall be made, if the Potential Failure to Pay has not been remedied during the applicable grace period.

No adjustment shall be made to the amount of any interest as a result of such delay. The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 18 as soon as reasonably practicable should the Maturity Date or any payment date be postponed pursuant to the foregoing.

**10.11 Repudiation/Moratorium Maturity Date extension**

Unless stated otherwise in the applicable Final Terms if, prior to the Maturity Date under the Notes: (a) "Repudiation/Moratorium" is listed as an applicable Credit Event in the applicable Final Terms; (b) a Potential Repudiation/Moratorium has occurred with respect to one or more of the Obligations; and (c) such Potential Repudiation/Moratorium has not been remedied or rescinded prior to the Maturity Date, then the Maturity Date shall be postponed until the fifth Business Day after such Potential Repudiation/Moratorium has been remedied or rescinded, provided that a Credit Event shall be deemed to have occurred, and no payment shall be made, if (i) such Potential Repudiation/Moratorium has not been remedied or rescinded by the sixtieth day after the original Maturity Date (or if the Obligation which is the subject of the Potential Repudiation/Moratorium is a Bond, the later of the sixtieth day or the first payment date under such Bond after the date on which the Potential Repudiation/Moratorium occurred or if later, the expiration date of any applicable Grace Period in respect of such payment date), or (ii) a Restructuring (without regard to the Default Requirement) or a Failure to Pay (determined without regard to the Payment Requirement or any change or amendment to such Obligation as a result of such Restructuring), has occurred with respect to any such Obligation.

No adjustment shall be made to the amount of any interest as a result of such delay. The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 18 as soon as reasonably practicable should the Maturity Date be postponed pursuant to the foregoing.

**10.12 Restructuring Credit Event applicable**

Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event, unless otherwise specified in the applicable Final Terms with respect to a specific Reference Entity, the Issuer may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event. Accordingly, notwithstanding Conditions 10.1 to 10.11 above, where a Restructuring Credit Event has occurred and the Issuer has delivered a Credit Event Notice for an amount that is less than the outstanding Aggregate Nominal Amount of the Notes outstanding immediately prior to the delivery of such Credit Event Notice (the **Exercise Amount**), the provisions of Conditions 10.1 to 10.11 above shall be deemed to apply to a nominal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly. Each such Note, including but not limited to Linear Basket Credit Linked Notes, shall be redeemed in part (such redeemed part being equal to the resultant figure of the Exercise Amount divided by the number of Notes outstanding). In case of a Linear Basket Credit Linked Note, the fact that a Restructuring Credit Event has occurred in respect of a Reference Entity shall not preclude delivery of a Credit Event Notice in respect of any other Reference Entity.

The Notes shall be deemed to be redeemed *pro rata* in an amount in aggregate equal to the Exercise Amount only. The Notes in an amount equal to the Outstanding Amount shall remain outstanding and interest shall accrue on the Outstanding Amount as provided for in Condition 5 and all references thereafter to Aggregate Nominal Amount shall be construed accordingly (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

In respect of any subsequent Credit Event Notices delivered:

- (a) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding Aggregate Nominal Amount of the Notes (and not a portion thereof); and
- (b) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the nominal amount is denominated or any integral multiple thereof or the entire then outstanding Aggregate Nominal Amount of the Notes.

If the provisions of this Condition 10.12 apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

If “Restructuring Maturity Limitation and Fully Transferable (if not issued in NGN form) Obligation Applicable” is specified in the applicable Final Terms relating to any particular Reference Entity, and Restructuring is the only Credit Event specified in a Credit Event Notice relating to such Reference Entity, then an obligation can only be a Deliverable Obligation if it (a) is a Fully Transferable Obligation and (b) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms relating to any particular Reference Entity, and Restructuring is the only Credit Event specified in a Credit Event Notice relating to such Reference Entity, then an obligation can only be a Deliverable Obligation if it (a) is a Conditionally Transferable Obligation and (b) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

#### **10.13 General**

For such period of time after the relevant Physical Settlement Date as the Issuer or any other person (other than a Noteholder) shall continue to be the legal owner of the securities, interests or other assets comprising the Deliverable Obligations (the **Intervening Period**), neither the Issuer nor any other such person shall:

- (a) be under any obligation to deliver or procure delivery to such Noteholder(s) or any subsequent beneficial owner of such securities any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such securities; or
- (b) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities during the Intervening Period; or
- (c) be under any liability to such Noteholder(s) or any subsequent beneficial owner of such securities in respect of any loss or damage which such Noteholder(s) or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities during such Intervening Period (including, without limitation, any loss or damage resulting from the failure to exercise any or all rights (including voting rights) attaching to such securities during the Intervening Period).

#### **10.14 Terms relating to Successor Events**

##### **(a) Successor**

(i) Notwithstanding the Definitions, for the purposes of these Conditions, **Successor** means:

- (A) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
  - (I) if an entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (II) if one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;

- (III) if more than one entity each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will be Successors and the Conditions and the Final Terms will be adjusted as provided in paragraph (b) below;
  - (IV) if one or more entities each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and the Conditions and the Final Terms will be adjusted as provided in paragraph (b) below;
  - (V) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Conditions and the Final Terms will not be changed in any way as a result of the Succession Event; and
  - (VI) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of the Relevant Obligations (or if two or more entities succeed to an equal percentage of the Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of Relevant Obligations) of the Reference Entity will be the sole Successor; and
- (B) in relation to a Sovereign Reference Entity, “Successor” means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity; and
- (C) references to the Reference Entity being the sole Successor shall mean succeeding to (i) the entire Aggregate Nominal Amount of the Notes outstanding as at the date of the Succession Event; or (ii) in the case of Linear Basket Credit Linked Notes, the relevant portion of the Notional Amount of the original Reference Entity outstanding as at the date of the Succession Event.
- (ii) In the case of paragraph (i)(A) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but not earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (i)(A)(IV) above as applicable provided that the Calculation Agent will not make any such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above and paragraphs (a) and (b)(A) of the definition of Succession Event Resolution Request Date (in the case of a Reference Entity that is not a Sovereign) or (b) above and paragraphs (a) and (b)(B) of the definition of Succession Event Resolution Request Date (in the case of a Sovereign Reference Entity) are satisfied in accordance with the Rules (until such time (if any) that ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating whether the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (i)(A)(VI) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information (as defined below). In the case of Notes listed on a stock exchange, the appropriate documentation will be filed with the relevant stock exchange.

Where applicable, the Calculation Agent shall apply, *mutatis mutandi*, the Resolution of the relevant Credit Derivatives Determinations Committee relating to a Succession Event to the relevant Notes.

(b) **Adjustments following a Succession Event resulting in more than one Successor**

- (i) If, pursuant to paragraph (a)(i)(A)(III) or (IV) above, more than one Successor has been identified, then each Note shall be deemed, solely for purposes of the partial redemption provisions set out in this paragraph (b), to be divided into the same number of new Notes (each a **New Note**) as there are Successors, with the following terms:
  - (A) each Successor will be the Reference Entity for the purposes of one of the New Notes; and
  - (B) in respect of each New Note, the principal amount will be the principal amount of the Note divided by the number of Successors.
- (ii) If an Event Determination Date occurs in respect of a Reference Entity in relation to a New Note, each Note will be partially redeemed in an amount equal to the principal amount of the relevant New Note (the aggregate of such principal amounts being the relevant Partial Redemption Amount). In such case, the provisions of this Condition 10 and the other provisions of the Final Terms shall apply to a principal amount of the Notes equal to the Partial Redemption Amount only and all such provisions shall be construed accordingly.
- (iii) The Notes, in an amount equal to their outstanding principal amount prior to any such partial redemption less the Partial Redemption Amount, shall remain outstanding (the **Principal Amount Outstanding**), subject to the Conditions and the Final Terms, which shall otherwise continue in full force and effect, including, without limitation, the accrual of interest on the Principal Amount Outstanding of such Notes as provided in Condition 5 and in the Final Terms (adjusted to reflect the partial redemption under this paragraph (b) and otherwise in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
- (iv) In respect of First-to-Default Credit Linked Notes, if, pursuant to paragraph (a) above the number of Reference Entities has decreased due to the Succession Event, the Calculation Agent shall replace any one or more entities that has ceased to exist (each a **Predecessor**) by choosing, to the extent reasonably practicable, a replacement entity (i) from the same Moody's industry group and geographical region as each Predecessor, and (ii) with a bid-side credit spread not greater than 110 per cent. of such spread of the Predecessor as at the date of the relevant Succession Event, and each such replacement entity shall be deemed to be a Reference Entity for purposes hereof.

If more than one entity becomes a Successor to any particular Reference Entity, the Reference Portfolio will be deemed to be divided into the same number of reference portfolios as there are Successors (each such portfolio, a **New Reference Portfolio**), each Note shall be deemed, solely for purposes of the provisions set out in this paragraph (b), to be divided into the same number of new Notes (each a **New Note**) as there are New Reference Portfolios provided that the notional amount of each New Reference Portfolio will be equivalent, and the aggregate of the notional amounts will equal the Aggregate Nominal Amount. Each Successor will be a Reference Entity for the purposes of one of the New Reference Portfolios and the New Notes and each of the Reference Entities that is not subject to the applicable Succession Event shall be a Reference Entity for the purposes of each and every one of the New Reference Portfolios and New Notes. For the avoidance of doubt, following the creation of the New Reference Portfolios and New Notes, if a Credit Event occurs with respect to a Reference Entity in one New Reference Portfolio, but not in any other New Reference Portfolio, the Issuer will settle such Notes relating to the relevant New Reference Portfolio containing such Reference Entity, and each Note will be written down proportionately.

- (v) For the avoidance of doubt:
  - (A) notwithstanding the occurrence of a Credit Event in respect of a Reference Entity and partial redemption of the Notes as provided in this paragraph (b), nothing shall prevent the Calculation Agent from delivering a further Credit Event Notice in respect of any Credit Event that may occur in respect of any other Reference Entity; and

- (B) the provisions of this Condition 10.14 (as a whole) shall apply to the portion of each Note represented by a New Note in the case of any subsequent Succession Event affecting the relevant Reference Entity.
- (vi) If the Notes are partially redeemed pursuant to this paragraph (b), each such Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption (if not issued in NGN form).
- (vii) The Calculation Agent shall adjust any other of the Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts any of the Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes in accordance with the Definitions.
- (viii) Upon the Calculation Agent determining the identity of more than one Successor in accordance with the provisions of this paragraph (b), the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 18, stating the adjustments it has made to the Conditions and/or the applicable Final Terms (including, *inter alia*, specifying the names of the Successors, setting out the Partial Redemption Amount, and giving brief details of the relevant Succession Event).
- (ix) Where:
  - (A) one or more Successors to the Reference Entity have been identified; and
  - (B) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined by the Calculation Agent.

**Substitute Reference Obligation** means, for the purposes of this Condition 10.14, any of (i) the relevant Substitute Reference Obligations specified in the applicable Final Terms or (ii) one or more obligations of the Reference Entity (either directly or as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (A) In the event that (1) a Reference Obligation is redeemed in whole (or in part with respect to Linear Basket Credit Linked Notes) or (2) in the opinion of the Calculation Agent (x) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (y) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (z) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (B) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Calculation Agent's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (x) the Issue Date and (y) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent in good faith and a commercially reasonable manner, of the delivery and payment obligations under the Notes and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation(s).

- (C) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the Final Terms, any of the events set forth under subparagraph (A) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines in good faith and in a commercially reasonable manner that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (D) If more than one specific Reference Obligation is identified as a Reference Obligation in the Final Terms, any of the events set forth under subparagraph (A) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines in good faith and a commercially reasonable manner that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (E) If (1) more than one specific Reference Obligation is identified as a Reference Obligation in the Final Terms, any of the events set forth under subparagraph (A) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines in good faith and a commercially reasonable manner that no Substitute Reference Obligation is available for any of the Reference Obligations, or (2) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under subparagraph (A) above has occurred with respect to such Reference Obligation and the Calculation Agent determines in good faith and a commercially reasonable manner that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (A) either (i) Cash Settlement is specified as the Settlement Method in the applicable Final Terms (or is applicable pursuant to the Fallback Settlement Method) and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or (ii) either Auction Settlement or Physical Settlement is specified as the Settlement Method in the applicable Final Terms (or, in the case of Physical Settlement, is applicable pursuant to the Fallback Settlement Method) and, in each case, the Reference Obligation is the only Deliverable Obligation and (B) on or prior to the Extension Date, a Substitute Reference Obligation has not been identified, the Issuer shall have the right on or after the Extension Date to early redeem the Notes at the Early Redemption Amount (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of early redemption) by notice to Noteholders in accordance with Condition 18.
- (F) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.
  - (i) In the event that (A) the Guarantor (or any Affiliate thereof) becomes a Successor to any Reference Entity as a result of a Succession Event or (B) the Guarantor (or any affiliate thereof) and any Reference Entity become affiliates, then the Calculation Agent shall in good faith replace such Reference Entity with another entity, which shall constitute a Reference Entity for purposes of these Notes, such replacement Reference Entity being of substantially similar credit quality, ratings, and if reasonably practicable, the same industry classification (as defined by Moody's) as such Reference Entity, that will not cause the implied credit quality of the Notes to change relative to such implied credit quality immediately prior to the day such Succession Event was legally effective, in each case as determined by the Calculation Agent.
  - (ii) For the purposes of this paragraph (b), the following definitions shall apply and, where relevant, shall modify the definitions set out elsewhere in the Conditions and/or the applicable Final Terms:

**Best Available Information** means:

- (A) in the case of a Reference Entity which files information (including unconsolidated, *pro forma* financial information which assumes that the relevant Succession Event has occurred) with its primary securities regulators or primary stock exchange or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, *pro forma* financial information or, if provided subsequently to unconsolidated, *pro forma* financial information but before the Calculation Agent makes its determination for the purposes of this paragraph (b), other information that is contained in any written communication provided by the Reference Entity to its primary securities regulators, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (B) in the case of a Reference Entity which does not file with securities regulators or a stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (A) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of this paragraph (b).

Information which is made available more than 14 days after the legally effective date of the Succession Event shall not constitute Best Available Information.

**Relevant Obligations** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity to which such Relevant Obligations are transferred on the basis of the Best Available Information. If the date on which the Best Available Information is available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**Succession Event** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spinoff or other similar event in which one entity succeeds to the obligations of another entity whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, “Succession Event” shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date applicable to the relevant Series. In the case of Linear Basket Credit Linked Notes, satisfaction of the Conditions to Settlement following a Credit Event with respect to any of the non-Succession event Reference Entities will only cause redemption of a portion of the principal amount of each Linear Basket Credit Linked Note equal to the Applicable Proportion.

**Succession Event Backstop Date** means (i) for purposes of any event that constitutes a Succession Event for purposes of the relevant Notes, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, and (III) the Succession Event Notice is delivered by the Calculation Agent to the Principal Paying Agent not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to

determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless specified in the applicable Final Terms that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

**Succession Event Notice** means a notice from the Calculation Agent to the Issuer that describes a Succession Event that occurred on or after the Succession Event Backstop Date.

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

**Succession Event Resolution Request Date** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (A) whether an event that constitutes a Succession Event for purposes of a Series has occurred with respect to the relevant Reference Entity; and
- (B) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

For the purposes of this Condition 10.14, **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to subparagraph (a)(i)(A) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.

Subsequent to a Succession Event, the Obligation Characteristics and Deliverable Obligation Characteristics of any Successor shall continue to be the same Obligation Characteristics and Deliverable Obligation Characteristics of the relevant predecessor Reference Entity of such Successor, unless the Calculation Agent notifies the Issuer and the Noteholders that the Obligation Characteristics and/or Deliverable Obligation Characteristics have been updated to reflect the then market standard based upon each such Successor's geographic region of organisation or jurisdiction.

#### 10.15 Definitions

The capitalised terms used herein and not otherwise defined herein or in the applicable Final Terms have the meanings set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by (a) the May 2003 Supplement to the 2003 ISDA Definitions, (b) the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions, (c) the latest Credit Derivatives Physical Settlement Matrix published by ISDA as at the trade date of the Notes on [www.ISDA.org](http://www.ISDA.org), (d) the ISDA 2009 Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions published on 12 March 2009 and (e) the ISDA 2009 Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions published on 14 July 2009, each published by the International Swaps and Derivatives Association, Inc. (together, the **Definitions**) (in each case as supplemented or amended in the applicable Final Terms), save that any references in such definitions to the **related Confirmation** shall be deemed to refer instead to the **applicable Final Terms**, references to the **Credit Derivative Transaction** shall be deemed to refer instead to the **Notes**, references to the **Buyer** shall be deemed to refer instead to the **Issuer**, and references to the **Seller** shall be deemed to refer instead to the **Noteholder(s)**. The Definitions are hereby incorporated by reference herein, and shall apply *mutatis mutandis* to the Notes. In the event of any inconsistency between the capitalised

terms defined in the Final Terms and/or the Conditions on the one hand and the Definitions on the other, the capitalised terms defined in the Final Terms and/or the Conditions shall prevail. In the case of Credit Linked Notes which are to be redeemed by Physical Settlement, the provisions of Condition 19 below shall apply if so specified (with such modifications, if any, as may be provided) in the applicable Final Terms.

For the purposes of this Condition 10 (unless otherwise specified in the applicable Final Terms or the context otherwise requires):

**Additional Credit Event** means, in respect of Notes, an event specified as such in the applicable Final Terms;

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes control means ownership of a majority of the voting power of an entity (or, as the Calculation Agent determines appropriate) an entity with the power to direct or cause the direction of the management and policies of the First Entity, whether by contract or otherwise;

**Applicable Proportion** means, in respect of a redemption of a Note, (a) if the Note is not a Linear Basket Credit Linked Note, 100 per cent., or (b) if the Note is a Linear Basket Credit Linked Note, an amount (expressed as a percentage) equal to the nominal amount of the Reference Entity to which the relevant Credit Event relates divided by the Aggregate Nominal Amount of the Notes outstanding as at the related Event Determination Date;

**Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;

**Auction** has the meaning set forth in the relevant Transaction Auction Settlement Terms as amended, if applicable, by the Auction Resolution;

**Auction Cancellation Date** has the meaning set forth in the relevant Transaction Auction Settlement Terms;

**Auction Covered Transaction** has the meaning set forth in the relevant Transaction Auction Settlement Terms;

**Auction Final Price** has the meaning set forth in the relevant Transaction Auction Settlement Terms;

**Auction Final Price Determination Date** has the meaning set forth in the Transaction Auction Settlement Terms;

**Auction Settlement** means settlement in accordance with Condition 10.2;

**Auction Settlement Amount** means an amount, based on the Auction Final Price determined and calculated as specified in the applicable Final Terms;

**Bankruptcy** means a Reference Entity: (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied,

enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (g) (inclusive);

**Bond or Loan** means an Obligation which is a Bond or Loan;

**Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

**Business Day** means a Business Day as defined in Condition 7.2 and, in the case of Notes that the Issuer is to redeem by means of Physical Settlement, for the purposes of the Delivery of Deliverable Obligations, a day in any other jurisdiction on which securities settlement systems are open for settlement of the relevant Deliverable Obligations;

**Calculation Agent** means the entity designated for such purpose as is specified in the applicable Final Terms;

**Cash Settlement Amount** means, unless specified otherwise in the applicable Final Terms, for each obligation being valued, being solely the Reference Obligations to the extent Cash Settlement applies, the greater of (a) the aggregate of (i) the outstanding principal balance, Due and Payable Amount or Currency Amount, as applicable, of each such obligation being valued as selected by the Calculation Agent in the Reference Obligation Notice, multiplied by (ii) the Final Price with respect to such obligation and (b) zero;

**Cash Settlement Date** shall be the date that is three Business Days after the calculation of the Final Price or such other date as is specified in the applicable Final Terms;

**Conditionally Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition;

**Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;

**Credit Derivatives Auction Settlement Terms** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules;

**Credit Derivatives Determinations Committees** means the committees established pursuant to the ISDA 2009 Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions published on 12 March 2009, for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **Rules**);

**Credit Event** means any one or more of the events specified as such in the applicable Final Terms or any Additional Credit Event specified in the applicable Final Terms. For the avoidance of doubt, a Credit Event may only occur from (and including) the Credit Event Backstop Date to (and including) the Extension Date;

**Credit Event Backstop Date** means (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition of Repudiation/Moratorium) for purposes of the relevant Notes, as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date (which can be a date before the Issue Date) or (b) otherwise, the date that is 80 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention. If the last day of any period is the Credit Event Backstop Date or the Succession Event Backstop Date, such last day shall not be subject to any adjustment in accordance with any Business Day Convention;

**Credit Event Determination Date** means, in respect of any Credit Event:

- (a) subject to subsection (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during either:
  - (A) the Notice Delivery Period; or
  - (B) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or
- (b) notwithstanding paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
  - (A) the Credit Event Resolution Request Date, if either:
    - (I) (1) “Buyer or Seller” or neither “Buyer” nor “Seller” is specified as the applicable Hedging Arrangement Notifying Party in the applicable Final Terms;
    - (2) the relevant Credit Event is not a Restructuring; and
    - (3) either:
      - (y) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or
      - (z) Auction Settlement is not specified as the applicable Settlement Method in the applicable Final Terms and the Trade Date occurs on or prior to the relevant DC Credit Event Announcement; or
  - (II) (1) either:
    - (y) “Buyer” or “Seller” is specified as the only applicable Hedging Arrangement Notifying Party in the applicable Final Terms and “Auction Settlement” is specified as the applicable Settlement Method in the applicable Final Terms; or

- (z) the relevant Credit Event is a Restructuring; and
- (2) the Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on or prior to the date falling two Business Days after the Exercise Cut-off Date; or
- (B) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
  - (I) (1) “Buyer or Seller” or neither “Buyer” nor “Seller” is specified as the applicable Hedging Arrangement Notifying Party in the applicable Final Terms;
  - (2) the relevant Credit Event is not a Restructuring;
  - (3) Auction Settlement is not specified as the applicable Settlement Method in the applicable Final Terms; and
  - (4) the Trade Date occurs following the relevant DC Credit Event Announcement; or
  - (II) (1) “Buyer” or “Seller” is specified as the only applicable Hedging Arrangement Notifying Party in the applicable Final Terms; and
  - (2) either:
    - (y) Auction Settlement is not specified as the applicable Settlement Method in the applicable Final Terms; or
    - (z) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and the Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on a date that is later than the date falling two Business Days after the relevant Exercise Cut-off Date,
- (c) provided that, in the case of paragraph (b) above, no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date;

provided further that no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the relevant Settlement Date, the Credit Event Redemption Date or the Scheduled Termination Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof;

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, the Calculation Agent will determine (1) such adjustment(s) to these provisions (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Noteholders as would have prevailed had a Credit Event Determination Date not occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s);

**Credit Event Notice** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after the Credit Event Backstop Date and on or prior to of the Extension Date. A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out at Condition 18;

**Credit Event Redemption Amount** means the Auction Settlement Amount, the Delivery of Deliverable Obligations in accordance with Physical Settlement or the Cash Settlement Amount (as appropriate);

**Credit Event Redemption Date** means: (a) in the case of Auction Settlement, the Auction Final Price Determination Date, (b) in the case of Cash Settlement, the Cash Settlement Date; (c) in the case of Physical Settlement, the Physical Settlement Date; or (d) if Physical Settlement applies but on the Physical Settlement Date some or all of the Deliverable Obligations specified in the Notice of Physical Settlement cannot be delivered for any reason as set out in Conditions 10.5, 10.6, 10.7 and 10.8 above, the Partial Cash Settlement Terms (as set out in Condition 10.9) will apply. In such case: (i) if all such Deliverable Obligations cannot be delivered as aforementioned, the Credit Event Redemption Date will be the third Business Day after the Cash Settlement Date (as defined in Condition 10.9); or (ii) if only some of such Deliverable Obligations cannot be delivered as aforementioned, the Credit Event Redemption Date for all such Deliverable Obligations shall be the later of (A) three Business days after the Cash Settlement Date that applies to such Deliverable Obligations that cannot be delivered as aforementioned, and (B) three Business Days after the Physical Settlement Date for such Deliverable Obligations which can be delivered;

**Credit Event Resolution Request Date** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in paragraphs (a) and (b) above;

**DC Credit Event Announcement** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date. A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is twenty-one (21) calendar days following the No Auction Announcement Date, if any, as applicable;

**DC No Credit Event Announcement** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof);

**DC Resolution** has the meaning set out in the Rules;

**Default Requirement** means the amount specified as such in the applicable Final Terms, and if none is specified, the amount will be U.S.\$10,000,000 or the equivalent in any other currency;

**Deliverable Obligation** means:

- (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if applicable to any monoline insurance company or similar entity if such entity is a Reference Entity) or, if “All Guarantees” is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of the Delivery Date (but excluding any Excluded Deliverable Obligation) that is (i) payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in Condition 10.1(b)(i)-(iv)) or right of set-off by or of a Reference Entity or any applicable Underlying Obligor, and (iii) in the case of a Qualifying Guarantee other than a Qualifying

Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being delivered apart from the giving of any notice of nonpayment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second sentence in the definition of “Not Subordinated”, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in Condition 10.1(b)(i)-(iv)) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any other obligation of a Reference Entity specified as such in the applicable Final Terms, provided that:
  - (i) where the Issuer is to redeem the Notes by means of Physical Settlement, if “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” are specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Fully Transferable Obligation, and (B) has a final maturity date not later than the Restructuring Maturity Limitation Date; and
  - (ii) where the Issuer is to redeem the Notes by means of Physical Settlement, if “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” are specified as applicable in the applicable Pricing Circular Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Conditionally Transferable Obligation, and (B) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

If the term “Deliverable Obligation” is to apply to Notes to be redeemed by the Issuer by means of Cash Settlement, references to “Delivery Date” shall be deemed to be references to “Valuation Date”.

The Deliverable Obligations to be delivered by the Issuer to the Noteholders shall have an outstanding principal balance (excluding accrued interest) equal to the outstanding Aggregate Nominal Amount of the Notes, subject to Condition 10.8 above;

**Deliverable Obligation Terms** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms;

**Deliverable Obligation Provisions** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms;

**Delivery Agent** means the entity designated for such purpose as specified in the applicable Final Terms;

**Delivery Date** means, with respect to a Deliverable Obligation, the date on which such Deliverable Obligation is delivered;

**Due and Payable Amount** means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date or Valuation Date, as applicable, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts);

**Enabling Obligation** means an outstanding Deliverable Obligation that (a) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or

prior to the Scheduled Termination Date and following the Limitation Date immediately preceding the Scheduled Termination Date (or, in circumstances where the Scheduled Termination Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any);

**Event Determination Date** means, in respect of any Credit Event, the first date on which the related Credit Event Notice and, if specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are effective in accordance with the Conditions. With respect to Linear Basket Credit Linked Notes, an Event Determination Date may occur in respect of each Reference Entity comprised in the basket, provided that, other than in respect of a Restructuring, the Conditions to Settlement shall apply only once to each such Reference Entity;

**Exercise Cut-off Date** means, with respect to a Credit Event:

- (a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred with respect to the relevant Notes for which neither “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” nor “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as applicable in the applicable Final Terms), either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or
- (b) if such Credit Event is a Restructuring for purposes of the relevant Notes for which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as applicable in the applicable Final Terms and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
  - (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date;

**Extension Date** means the latest of: (a) the Scheduled Termination Date;

- (a) the Grace Period Extension Date if:
  - (i) “Grace Period Extension” is specified as applying in the applicable Final Terms;
  - (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Termination Date; and
  - (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Date; and
- (b) the Repudiation/Moratorium Evaluation Date if:
  - (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date;
  - (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date; and

(iii) the Repudiation/Moratorium Extension Condition is satisfied;

**Failure to Pay** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure;

**Fallback Settlement Method** means, with respect to Notes for which Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, the fallback settlement method specified in the applicable Final Terms or, if no Fallback Settlement Method is specified, Cash Settlement shall apply;

**Final List** has the meaning set out in the Rules;

**Final Price** means the price, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms;

**Full Quotation** means each firm bid quotation obtained from a Dealer;

**Fully Transferable Obligation** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of Fully Transferable Obligation, such determination shall be made as of the Delivery Date, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer;

**ISDA** means the International Swaps and Derivatives Association, Inc.;

**Latest Maturity Restructured Bond or Loan** has the meaning given to that term in the definition of “Restructuring Maturity Limitation Date”;

**Limitation Date** means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **2.5-year Limitation Date**), 5 years (the **5-year Limitation Date**), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the **20-year Limitation Date**), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless it is specified in the applicable Final Terms that Limitation Dates will be adjusted in accordance with a specified Business Day Convention;

**Linear Basket Credit Linked Notes** means Notes which are specified as such in the applicable Final Terms, in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, on each occasion on which a Credit Event occurs and the Conditions to Settlement are satisfied with respect to any of the Reference Entities, the Notes will be redeemed in part in an amount determined by reference to the nominal amount related to such Reference Entity;

**London Business Day** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in London;

**Modified Restructuring Maturity Limitation Date** means, with respect to a Deliverable Obligation, the date that is the later of (a) the Maturity Date and (b) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations;

**Multiple Holder Obligation** means an Obligation (a) that at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not affiliates of each other and (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two thirds is required to consent to the event which constitutes a Restructuring Credit Event, provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (b);

**No Auction Announcement Date** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring where either “Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable” is specified as applicable in the applicable Final Terms only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary;

**Notice Delivery Period** means the period from and including the Issue Date to and including the Maturity Date;

**Notice of Physical Settlement** means an irrevocable notice from the Issuer confirming that the Issuer will deliver the Deliverable Obligations to the Noteholder and containing a detailed description of the type of Deliverable Obligations that the Issuer reasonably expects to deliver, which may be amended to the extent that the Calculation Agent determines that it is impracticable to deliver such Deliverable Obligations;

**Notice of Publicly Available Information** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer and the Principal Paying Agent that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy or a description in reasonable detail of the relevant Publicly Available Information. If Notice of Publicly Available Information is a Condition to Settlement in the Final Terms and a Credit Event Notice cites Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information;

**Not Subordinated** means an obligation that is not Subordinated to (a) the most senior Reference Obligation in priority of payment or (b) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity, provided that, if any of the events set forth under part (A) of the definition of Substitute Reference Obligation in Condition 10.14 has occurred with respect to all of the Reference Obligations or if Condition 10.14 (b)(ix) is applicable with respect to the Reference Obligation (each, in each case, a **Prior Reference Obligation**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, **Not Subordinated** shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred, and shall not reflect any change to such ranking in priority of payment after such date;

**Obligation** means (a) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if applicable to any monoline insurance company or similar entity if such entity is a Reference Entity) or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) described in the Obligation Category and having the Obligation Characteristics specified in the applicable Final Terms, (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Obligation, and (c) any other obligation of the Reference Entity specified in the applicable Final Terms;

**Obligation Acceleration** means one or more Obligations in an aggregate amount of not less than the Default Requirement (if any) have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

**Obligation Currency** means the currency or currencies in which an Obligation is denominated;

**Obligation Default** means one or more Obligations in an aggregate amount of not less than the Default Requirement (if any) have become capable of being declared due and payable before they would otherwise

have been due and payable as a result of the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

**Outstanding Amount** means, where Notes have been redeemed *pro rata* in an amount equal to the Exercise Amount following the occurrence of a Restructuring Credit Event, the amount of Notes remaining after such redemption, being equal to the outstanding Aggregate Nominal Amount of the Notes prior to such redemption less the Exercise Amount or with respect to Linear Basket Credit Linked Notes, the outstanding nominal amount in respect of the relevant Reference Entity immediately prior to a Restructuring Credit Event will be deemed to have been specified as the Exercise Amount;

**Parallel Auction** means “Auction” as such term shall be defined in the relevant Parallel Auction Settlement Terms;

**Parallel Auction Cancellation Date** means “Auction Cancellation Date” as such term shall be defined in the relevant Parallel Auction Settlement Terms;

**Parallel Auction Final Price Determination Date** means “Auction Final Price Determination Date” as such term shall be defined in the relevant Parallel Auction Settlement Terms;

**Parallel Auction Settlement Date** means “Auction Settlement Date” as such term shall be defined in the relevant Parallel Auction Settlement Terms;

**Parallel Auction Settlement Terms** means, following the occurrence of a Restructuring where either “Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable” is specified as applicable in the applicable Final Terms, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction;

**Payment Requirement** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if Payment Requirement is not so specified, U.S.\$1,000,000 or its equivalent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable;

**Permitted Currency** means (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor’s or any successor to the rating business thereof, Aaa or higher assigned to it by Moody’s or any successor to the rating business thereof, or AAA or higher assigned to it by Fitch or any successor to the rating business thereof;

**Physical Settlement** means delivery of the Deliverable Obligations in accordance with Condition 10.3 above and Condition 19;

**Physical Settlement Date** means the date which is specified as such in the applicable Final Terms;

**Potential Failure to Pay** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation, in accordance with the terms of such Obligations at the time of such failure;

**Potential Repudiation/Moratorium** means the occurrence of an event described in part (a) of the definition of “Repudiation/Moratorium”;

**Qualifying Policy** means (a) a financial guarantee insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all interest and principal payments (which may exclude certain default interest and indemnities) of an instrument that constitutes Borrowed Money for which another party (including a special purpose entity or trust) is the obligor, and (b) an Obligation and Deliverable Obligation (which, for the avoidance of doubt, must satisfy the relevant Deliverable Obligation

Characteristics in respect of the relevant Reference Entity). In each case a Reference Entity is a monoline insurance company, notwithstanding the relevant Final Terms;

**Quotation** means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date as follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers, and if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which the firm quotations were not obtained on such day;

**Reference Entity** or **Reference Entities** means each entity specified in the applicable Final Terms. Any Successor to a Reference Entity either (a) identified pursuant to the definition of “Successor” in the Credit Linked Provisions on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Series;

**Reference Obligation** means any obligation specified as such or of a type described in the applicable Final Terms and any Substitute Reference Obligation;

**Reference Obligation Notice** means an irrevocable notice from the Issuer sent not later than 30 calendar days following the relevant Event Determination Date that includes a description of the Reference Obligation(s) to be used for valuation of the Cash Settlement Amount as follows:

- (a) title or designation;
- (b) maturity date; and
- (c) in the case of a Bond, the ISIN or CUSIP number;

**Reference Period** means the period from and including the Issue Date until and including the Scheduled Termination Date (without prejudice to Conditions 10.10 and 10.11) or such other period as is specified in the applicable Final Terms;

**Reference Price** means the price specified as such in the applicable Final Terms, and if none is specified, 100 per cent.;

**Reference Transaction** means a hypothetical credit derivative transaction:

- (a) for which the Deliverable Obligation Terms and the Reference Obligation are:
  - (i) the same as in respect of the Notes (if such Deliverable Obligation Terms and Reference Obligation are specified in the applicable Final Terms); or
  - (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation or Valuation Obligation determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;
- (b) with a scheduled termination date matching the Scheduled Maturity Date of the Notes; and
- (c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer’s hedging arrangements and/or any credit derivative elections made in relation to the Notes;

**Relevant City Business Day** has the meaning set out in the Rules;

**Repudiation/Moratorium** means the occurrence of both of the following events: (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement (if any), or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement (if any) and (b) a Failure to Pay, determined without regard to the Payment Requirement or any change or amendment to any such Obligation as a result of (ii) above, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date;

**Repudiation/Moratorium Evaluation Date** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date, (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Extension Date shall occur no later than the Scheduled Termination Date unless the Repudiation/Moratorium Extension Condition is satisfied. If (I) the Repudiation/Moratorium Extension Condition is satisfied and (II) an Event Determination Date in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the later of the Scheduled Termination Date and the Repudiation/Moratorium Evaluation Date will be the Maturity Date (even if a Repudiation/Moratorium occurs after the Scheduled Termination Date);

**Repudiation/Moratorium Extension Condition** will be satisfied: (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for purposes of a Series has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date or (ii) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available is specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of a Series with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of a Series has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Termination Date;

**Repudiation/Moratorium Extension Notice** means an irrevocable notice (which may be in writing (including by facsimile and/or email) and/or by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Termination Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective;

**Resolve** has the meaning set out in the Rules, and “Resolved” and “Resolves” shall be interpreted accordingly;

**Restructured Bond or Loan** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred;

**Restructuring** means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement (if any), any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation, or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to a series and the date as of which such Obligation is issued or incurred:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.
- (b) Notwithstanding the above, none of the following shall constitute a Restructuring: (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union; (ii) the occurrence of, agreement to, or announcement of, any of the events described in subparagraphs (a)(i)-(v) above due to any administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and (iii) the occurrence of, agreement to or announcement of any of the events described in this subparagraph (b) in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) For the purposes of paragraphs (a) and (b) above and paragraph (d) below, the term “Obligation” shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if “All Guarantees” is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) shall continue to refer to the Reference Entity.
- (d) Unless Multiple Holder Obligation is specified as not applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in paragraphs (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in subparagraphs (a)(i)-(v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation;

**Restructuring Date** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring;

**Restructuring Maturity Limitation Date** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date, provided that, in circumstances where the Scheduled Termination Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **Latest Maturity Restructured Bond or Loan**) and the Scheduled Termination Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan;

In the event that the Scheduled Termination Date is later than: (i) either: (A) the final maturity date if the Latest Maturity Restructured Bond or Loan; if any; or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exist or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Termination Date;

**Rules** means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof;

**Scheduled Maturity Date** means the date specified as such in the applicable Final Terms;

**Scheduled Termination Date** means the last day of the Reference Period;

**Settlement Method** means, if (a) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Auction Settlement, (b) Cash Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Cash Settlement, or (c) Physical Delivery is specified as the applicable Settlement Method in the applicable Final Terms, Physical Delivery;

**Sovereign** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof;

**Sovereign Restructured Deliverable Obligation** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject as set out in the definition of “Deliverable Obligation Category”, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring;

**Swap Unwind Amount** means an amount equal to the aggregated net gain or loss to the Issuer associated with any interest rate and/or currency transactions or deposits or other hedging transactions in connection with the Notes which have been terminated, novated or otherwise amended due to the early redemption of the Notes, including without limitation losses and costs (or gains) in respect of any payment required to have been made, any loss of bargain or cost of funding, in each case as determined by the Calculation Agent;

**Transaction Auction Settlement Terms** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms with respect to the relevant Reference Entity;

**Valuation Date** means the date specified in the applicable Final Terms;

**Valuation Time** means the relevant time specified in the applicable Final Terms; and

**Weighted Average Quotation** means the weighted average of firm bid quotations obtained from the Dealers.

In the case of Credit Linked Notes which are to be redeemed by Physical Settlement, the provisions of Condition 19 below shall apply if so specified (with such modifications, if any, as may be provided) in the applicable Final Terms.

## **11. TAXATION**

All payments of principal and interest (including any Arrears of Interest and Default Interest) in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor (in the case of Guaranteed Notes) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that:

- (a) (in respect of payments by the Parent) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 (as amended by Italian Legislative Decree No. 201 of 16 June 1998) (as any of the same may be amended or supplemented) or any related implementing regulations; and
- (b) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:
  - (i) by, or on behalf of, a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Note; or
  - (ii) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
  - (iii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day (assuming such day to have been a Payment Day as defined in Condition 8.7); or
  - (iv) (in the case of Guaranteed Notes and Notes issued by UniCredit) in the Republic of Italy; or
  - (v) (in the case of Notes issued by UniCredit Ireland) in Ireland; or
  - (vi) (in the case of Notes issued by UniCredit International Luxembourg) in Luxembourg; or
  - (vii) (in respect of payments by UniCredit) 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
  - (viii) (in respect of payments by UniCredit) in all circumstances in which the procedures set forth in Legislative Decree No. 239 of 1 April 1996, as amended, have not been met or complied with, except where such requirements and procedures have not been met or complied with due to the actions or omissions of UniCredit or its agents; or
  - (ix) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (x) in respect of Notes that are not qualified as bonds or similar securities where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended, supplemented and/or re-enacted from time to time; or
  - (xi) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note/Coupon to another Paying Agent in a Member State of the European Union; or
  - (xii) where the holder who would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements.

As used herein:

- (A) **Tax Jurisdiction** means (I) (in the case of payments by UniCredit) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, (II) (in the case of payments by UniCredit Ireland) the Republic of Ireland or any political subdivision or any authority thereof or therein having power to tax, and (III) (in the case of payment by UniCredit International Luxembourg)

Luxembourg or any political subdivision or any authority thereof or therein having power to tax, or in any such case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the relevant Issuer or the Guarantor (in the case of Guaranteed Notes), as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons; and

- (B) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 18.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 11 or under any obligation undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

## 12. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 11) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8.3 or any Talon which would be void pursuant to Condition 8.3.

In relation only to the Notes issued by UniCredit International Luxembourg, the Luxembourg Act dated 3 September, 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**), requires that any amount that is payable under the Notes, Receipts and Coupons (if any) (but which has not yet been paid to the holders of the Notes), in the event that (i) an opposition has been filed in relation to the Notes and (ii) the Notes mature prior to becoming forfeited (as provided for in the Involuntary Dispossession Act 1996), is paid to the *Caisse des consignations* in Luxembourg until the opposition has been withdrawn or the forfeiture of the Notes occurs.

## 13. EVENTS OF DEFAULT

### 13.1 Events of Default relating to Senior Notes

This Condition 13.1 applies only to Notes specified in the applicable Final Terms as being Senior Notes.

The Trustee, at its discretion, may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction), (but, in the case of the happening of any of the events mentioned in paragraphs (b) to (e) and (g), (h), (i) and (k), only if the Trustee shall have certified in writing to the Issuer and the Guarantor (in the case of Guaranteed Notes) that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer and, in the case of the Guaranteed Notes, the Guarantor that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur:

- (a) if default is made in the payment in the Specified Currency of any principal, premium (if any) or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal or premium or 14 days in the case of interest; or
- (b) if the Issuer or, in the case of Guaranteed Notes, the Guarantor fails to perform or observe any obligation or provision binding on it under the Notes or the Trust Deed (other than any obligation for payment of any principal, premium (if any) or interest in respect of the Notes) and, except where, in the opinion of the Trustee, such default is not capable of remedy (in which case the Notes will become due and repayable subject to, and immediately upon, the Trustee certifying and giving notice as aforesaid), such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof by the Trustee to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied; or

- (c) one or more final judgment(s) or order(s), not being susceptible to appeal, for the payment of any amount of indebtedness (being an amount of indebtedness which is material in the context of the Issuer or (in the case of Guaranteed Notes) the Guarantor) is rendered by a court of competent jurisdiction against the Issuer or (in the case of Guaranteed Notes) the Guarantor and continue(s) unsatisfied and unsteady for a period of 30 days after the date(s) thereof or, if later, the date therein specified for judgment; or
- (d) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be adjudicated or found bankrupt or insolvent or shall stop or threaten to stop payment or shall be found unable to pay its debts, or any order shall be made by any competent court or administrative agency for, or any resolution shall be passed by the Issuer or (in the case of Guaranteed Notes) the Guarantor for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or, as the case may be, the Guarantor or all or substantially all of its assets and, in the case of UniCredit International Luxembourg, suspension of payments (*sursis de paiement*) measures, winding-up and liquidation (*liquidation*) proceedings; or
- (e) (in the case of Notes issued by UniCredit) the Issuer or (in the case of Guaranteed Notes) the Guarantor becomes subject to an order for *Liquidazione coatta amministrativa* (within the meaning ascribed to that expression by the Italian Banking Act and the other laws of the Republic of Italy); or
- (f) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be wound up, liquidated or dissolved (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or
- (g) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall cease to carry on business or threaten to cease to carry on all or substantially all of its business (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or
- (h) if (i) proceedings are initiated against the Issuer or (in the case of Guaranteed Notes) the Guarantor under any applicable liquidation, insolvency, composition, examination, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official (in Luxembourg, including but not limited to, any *administrateur, juge-commissaire, liquidateur* or similar officer), or an administrative or other receiver, manager, administrator, examiner or other similar official (in Luxembourg, including but not limited to, any *administrateur, juge-commissaire, liquidateur* or similar officer) is appointed, in relation to the Issuer or (in the case of Guaranteed Notes) the Guarantor or, as the case may be, in relation to all or substantially all of the undertaking or assets of any of them, or an encumbrancer takes possession of all or substantially all of the undertakings or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertakings or assets of either of them and, in the case of UniCredit International Luxembourg, suspension of payments (*sursis de paiement*) measures, winding-up and liquidation (*liquidation*) proceedings, and (ii) in any case is not discharged within 30 days (or such longer period as the Trustee may approve); or
- (i) if either (i) any indebtedness for Borrowed Money in excess of €35,000,000 (or its equivalent in any other currency or currencies) of the Issuer or (in the case of Guaranteed Notes) the Guarantor shall become repayable prior to the due date for payment thereof by reason of default by the Issuer or, as the case may be, the Guarantor or shall not be repaid at maturity as extended by any applicable grace period therefor and, in either case, steps shall have been taken to obtain repayment, or (ii) any guarantee given by the Issuer or (in the case of Guaranteed Notes) the Guarantor of any indebtedness for Borrowed Money in excess of €35,000,000 (or its equivalent in any other currency or currencies) shall not be honoured when due and called; or
- (j) (in the case of Guaranteed Notes) the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (k) any event occurs which, under the laws of the jurisdiction of incorporation of the Issuer or (in the case of Guaranteed Notes) the Guarantor, has an analogous effect to any of the events referred to in paragraphs (d), (f), (g) and (h) above.

### 13.2 Events of Default relating to Subordinated Notes

*This Condition 13.2 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes.*

The Trustee, at its discretion, may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give notice to UniCredit or UniCredit Ireland, as the case may be, that the Notes are, and shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount plus accrued interest as provided in the Trust Deed, in case of Subordinated Notes issued by UniCredit in the event that UniCredit shall become subject to *Liquidazione Coatta Amministrativa* as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy (as amended from time to time) and in case of UniCredit Ireland Subordinated Notes, in the event that:

- (a) UniCredit Ireland is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts, or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of UniCredit Ireland; or
- (b) proceedings are started for the examination, winding-up, dissolution, administration or reorganisation (otherwise than while solvent) of UniCredit Ireland or for the appointment of a receiver, trustee, examiner or similar officer to UniCredit Ireland or any or all of its revenues and assets; or
- (c) an order is made or an effective resolution passed for the winding-up or dissolution of UniCredit Ireland.

## 14. ENFORCEMENT

14.1 Subject (in the case of Subordinated Notes issued by UniCredit) to paragraph 14.2 below, the Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the obligations of the Issuer and/or the Guarantor under the Trust Deed or the Notes, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed as aforesaid, fails so to do within a reasonable time and such failure is continuing.

14.2 This Condition 14.2 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes issued by UniCredit.

Proceedings for the winding-up or liquidation of UniCredit may only be initiated in the Republic of Italy (and not elsewhere), by the Trustee on behalf of the Noteholders, in accordance with the laws of the Republic of Italy (except for the purposes of an Approved Reorganisation).

In these Conditions, **Approved Reorganisation** means a solvent and voluntary reorganisation involving, alone or with others, UniCredit and whether by way of consolidation, amalgamation, merger, transfer of all or part of any business or assets, or otherwise, provided that the principal resulting, surviving or transferee entity which is a banking company effectively assumes all the obligations of UniCredit under, or in respect of, the Notes and, in the case of Guaranteed Notes, the Guarantee.

## 15. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to

evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **16. AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Paying Agent (which may be the Principal Paying Agent), having a specified office in a Member State of the European Union other than the jurisdiction in which the Issuer or the Guarantor (as the case may be) is incorporated, and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange, the competent authority or other relevant authority;
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent; and
- (d) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8.6. Except as provided in the Agency Agreement, any variation, termination, appointment or change shall only take effect after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Trustee and Noteholders in accordance with Condition 18.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor (in the case of the Guaranteed Notes) and, in certain circumstances specified in the Agency Agreement and the Trust Deed, of the Trustee, and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **17. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 12.

## **18. NOTICES**

### **18.1 Notes other than Credit Linked Notes**

All notices regarding the Bearer Notes will be deemed to be validly given if published (if and for so long as the Bearer Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange) either on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper of general circulation in Luxembourg. It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* or the *Tageblatt*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first-class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and (if and for so long as the Registered Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange) if published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper of general circulation in Luxembourg. It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* or the *Tageblatt*. In addition, for so long as any Registered Notes are listed on any other stock exchange and the rules of that exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for publication as provided above the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and (if and for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange) if published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper of general circulation in Luxembourg. It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* or the *Tageblatt*. In addition, for so long as any Notes are listed on any other stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published as may be required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent or the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

#### **18.2 Credit Linked Notes**

Notwithstanding the provisions of Condition 18.1 above, so long as the Notes, being Credit Linked Notes, are represented by a Global Note held in its entirety on behalf of DTC and/or Euroclear and/or Clearstream, Luxembourg, all notices to the Noteholders may be given by delivery of such notices to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given on the day on which such notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg.

Notwithstanding as aforesaid, for so long as any such Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange, all notices regarding such Notes shall be deemed to be validly given if published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a daily newspaper of general circulation in Luxembourg. It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* or the *Tageblatt*. Any such notice will be deemed to have been given on the date of the first publication in the required newspaper.

Subject to the requirement of the rules of the Luxembourg Stock Exchange, until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of DTC and/or Euroclear and/or Clearstream, Luxembourg, be substituted for publication as provided above the delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which such notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg.

If the Global Note is exchanged for definitive Notes, as a condition to such exchange, the relevant Noteholder will be required to give to the Issuer an address to which notices concerning the Note may be validly given. Upon any transfer of the definitive Notes, the new holder of the definitive Notes must provide

to the Issuer at its specified office an address to which notices concerning the definitive Note may be validly given. Until the Issuer is informed of any new address as aforesaid it shall be entitled to deliver notices concerning the definitive Note to the last address notified to it as aforesaid, and any notice so given shall be deemed validly given notwithstanding that the definitive Note may have been transferred. Any such notice shall be deemed to have been given on the day when delivered or, if delivered after 5.00 p.m. on a business day or on a day other than a business day, on the next following business day in the place of delivery.

## **19. PHYSICAL SETTLEMENT**

### **19.1 Procedure by Noteholders**

If any Credit Linked Note falls to be redeemed and Physical Settlement is specified to apply in the applicable Final Terms, any delivery shall be in accordance with any applicable securities laws.

In order to receive the Deliverable Obligations, as defined in the applicable Final Terms (in the case of Credit Linked Notes) (the **Physical Settlement Amount**), the relevant Noteholder shall, at least ten Business Days (as defined in Condition 7.2), or such other period as may be specified in the applicable Final Terms, prior to the Credit Event Redemption Date, as the case may be, (as specified in the applicable Final Terms), deliver to any Paying Agent or Registrar, as the case may be, the Global Note or the definitive Note (which expression shall, for the purposes of this Condition 19, include Receipt(s) and, if applicable, all unmatured Coupons, in accordance with the provisions of Condition 7) together with:

- (a) for so long as the Notes are represented by a Global Note, a notice to DTC and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, with a copy to any Paying Agent or the Registrar, as the case may be, and the Issuer, via the EUCLID System (a **EUCLID Notice**) or by such other appropriate means as shall be specified in the applicable Final Terms; or
- (b) if the Note is in definitive form, a completed Asset Transfer Notice substantially in the form set out in the Agency Agreement (the **Asset Transfer Notice**) (a copy of which may be obtained from the specified office of any of the Paying Agents) with a copy to the Issuer.

A EUCLID Notice, Asset Transfer Notice or other form of notice specified in the applicable Final Terms, as the case may be, is referred to herein as a **Notice**.

- (c) The EUCLID Notice referred to above must:
  - (i) specify the name and address of the relevant Noteholder and the person from whom the Delivery Agent may obtain details for the delivery of the Physical Settlement Amount;
  - (ii) specify the number of Notes which are the subject of such notice and the number of the Noteholder's account at DTC, Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes;
  - (iii) irrevocably instruct and authorise DTC, Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on the Credit Event Redemption Date;
  - (iv) provide the Noteholder's Certification that it is not a U.S. person or a person within the United States (as such terms are defined in Regulation S under the Securities Act); and
  - (v) authorise the production of such notice in any applicable administrative or legal proceedings.
- (d) The Asset Transfer Notice referred to above must:
  - (i) specify the name and address of the person from whom the Delivery Agent may obtain details for delivery of the Physical Settlement Amount;
  - (ii) authorise the production of such notice in any applicable administrative or legal proceedings; and
  - (iii) provide the Noteholder's Certification that it is not a U.S. person or a person within the United States (as such terms are defined in Regulation S under the Securities Act).
- (e) No Notice may be withdrawn after receipt thereof by DTC, Euroclear or Clearstream, Luxembourg or the Issuer, as the case may be.

- (f) After delivery of such Notice, the relevant Noteholder may not transfer the Notes which are the subject of such Notice and no transfers of the Notes specified therein represented by a Global Note will be effected by DTC and/or Euroclear and/or Clearstream, Luxembourg.
- (g) Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a notice has been properly completed and delivered as provided in this Condition 19.1 shall be made by DTC, Euroclear or Clearstream, Luxembourg or the Issuer, as the case may be, after consultation with the Delivery Agent and shall be conclusive and binding on the Issuer and the relevant Noteholder.

#### **19.2 Procedure by the Issuer and others**

Upon receipt of a duly completed Notice and (in the case of Notes in definitive form) the Definitive Note to which such Notice relates, the relevant Paying Agent or the Registrar, as the case may be, DTC, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the accountholder is the holder of the Notes referred to therein according to its books.

Subject as provided herein, in relation to each Note, the Physical Settlement Amount will be delivered at the risk of the relevant Noteholder in such commercially reasonable manner as the Delivery Agent shall, in its sole discretion, determine to be appropriate for such delivery on the due date for redemption for the Notes, provided that the relevant Note in definitive form and the Notice are delivered not later than the close of business in Luxembourg on the day (the **Notice Cut-Off Date**) which is five Business Days before the due date for redemption of the Notes.

#### **19.3 Delay or Failure to Deliver Notice**

If the relevant Note in definitive form and the Notice are delivered to the Issuer later than close of business on the Notice Cut-Off Date, then the Physical Settlement Amount will be delivered (but without prejudice to the provisions of the applicable Final Terms) as soon as practicable after the due date for redemption of the Notes, at the risk of such Noteholder.

For the avoidance of doubt, such Noteholder shall not be entitled to any payment or other assets, whether of interest or otherwise, in the event of the delivery of the Physical Settlement Amount falling after the due date for redemption of the Notes pursuant to the provisions of this Condition 19 or otherwise due to circumstances beyond the control of the Issuer.

If the relevant Noteholder fails to deliver a Notice in the manner set out in these Conditions or delivers a Notice on any day falling after the day that is 180 calendar days after the Notice Cut-Off Date or, in the case of Notes in definitive form, fails to deliver the definitive Note related thereto or fails to pay the expenses referred to in Condition 19.4, the Issuer shall be discharged from its obligation in respect of such Note and shall have no further obligation or liability whatsoever in respect thereof.

#### **19.4 Costs and Expenses**

All expenses including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties (together **Delivery Expenses**) arising from the delivery and/or transfer of the Physical Settlement Amount shall be for the account of the relevant Noteholder and no delivery and/or transfer of the Physical Settlement Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Delivery Agent by the relevant Noteholder.

#### **19.5 Fractional Entitlement**

If the Physical Settlement Amount comprises less than a whole number of securities at the relevant time, then (a) the Issuer shall not deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of a security (the **Fractional Entitlement**) and (b) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as the securities comprising the Physical Settlement Amount) equal to the value (as determined by the Calculation Agent in its sole and absolute discretion) of such fraction of the relevant security, and such cash amount shall be deemed a part of the Physical Settlement Amount for the purposes of these Terms and Conditions.

#### **19.6 Delivery at risk of Noteholder**

Delivery of the Physical Settlement Amount by the Issuer to the Noteholder shall be at the risk of the Noteholder and no additional payment or delivery will be due to a Noteholder where the Physical Settlement Amount is delivered after its due date in circumstances beyond the control of either the Issuer or the Delivery Agent.

### **19.7 No further liability of Issuer**

After delivery of the Physical Settlement Amount by the Issuer to a Noteholder pursuant to this Condition, but prior to the time when the Noteholder (or his designee) becomes registered as a holder of the relevant underlying security (the **Intervening Period**), neither the Issuer nor its agent or nominee shall (a) be under any obligation to deliver to such Noteholder or any subsequent beneficial owner of such relevant underlying security any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or its agent or nominee in its capacity as the registered holder of such relevant underlying security, (b) exercise any or all rights (including voting rights) attaching to such relevant underlying security during the Intervening Period without the prior written consent of the relevant Noteholder, provided that neither the Issuer nor its agent or nominee shall be under any obligation to exercise any such rights during the Intervening Period, or (c) be under any liability to such Noteholder or any subsequent beneficial owner of such relevant underlying security in respect of any loss or damage which such Noteholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of the Issuer or its agent or nominee being registered during such Intervening Period as legal owner of such relevant underlying security.

## **20. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor (in the case of the Guaranteed Notes) or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do; or
- (b) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall, unless the Trustee agrees otherwise, be notified to the Noteholders in accordance with Condition 18 as soon as practicable thereafter.

Without prejudice to the aforementioned discretions, the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution at any time or times of any successor company (as defined in the Trust Deed) of the Issuer or any subsidiary or holding company of the Issuer or any successor company to such successor company, as the principal debtor under the Trust Deed and the Notes. Such agreement shall be subject to the relevant provisions of the Trust Deed, including (except where a successor company of the Issuer is the new principal debtor) the irrevocable and unconditional guarantee of the Notes by the Issuer and, in the case of Guaranteed Notes (except where the Guarantor is the new

principal debtor), the irrevocable and unconditional guarantee of the Notes by the Guarantor. The Trustee may also agree without the consent of the Noteholders, the Receiptholders or the Couponholders to the addition of another company as an issuer of Notes under the Programme and the Trust Deed and to the substitution (in the case of Guaranteed Notes) of any successor company of the Guarantor or any subsidiary or holding company of the Parent as the guarantor in respect of Guaranteed Notes. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require. In the case of any proposed substitution or addition, the Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interest of the Noteholders.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, substitution or change of law as aforesaid), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders, whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders, (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 any political sub-division thereof, and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 11 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 11 pursuant to the Trust Deed.

The provisions of articles 86 to 94-8 of the Companies Act 1915 relating to meetings of Noteholders will not apply in respect of the Notes issued by UniCredit International Luxembourg.

### **21. INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction and to be paid to its costs and expenses in priority to the claims of the Noteholders.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Issuer's other subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and or the Guarantor and/or any of the Issuer's other subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

### **22. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon so that the same shall be consolidated and form a single Series with the outstanding Notes.

The Issuer may from time to time, with the prior written consent of the Trustee, create and issue other series of Notes having the benefit of the Trust Deed. The Trust Deed contains provisions for and governs the convening of a single meeting of the Noteholders and the holders of bearer or registered notes of other Series in certain circumstances where the Trustee so decides.

### **23. REPRESENTATIONS AND ACKNOWLEDGEMENTS (CREDIT LINKED NOTES)**

EACH NOTEHOLDER (BEING IN THE CASE OF NOTES HELD BY A NOMINEE OR HELD IN A CLEARING SYSTEM, THE BENEFICIAL OWNER OF THE NOTES), BY SUBSCRIBING OR PURCHASING THE NOTES OR AN INTEREST IN THE NOTES, CONFIRMS THAT ALL OF THE FOLLOWING STATEMENTS WITH RESPECT TO THAT NOTEHOLDER ARE TRUE AND CORRECT

ON THE DATE OF THE SUBSCRIPTION OR PURCHASE OF THE NOTES AND ACKNOWLEDGES THAT THE ISSUER HAS RELIED ON SUCH CONFIRMATION AND UNDERSTANDING IN ISSUING THE NOTES:

- (a) The Noteholder has itself been, and will at all times continue to be, solely responsible for making its own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the Issuer.
- (b) The Noteholder's purchase of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies with and is fully consistent with all investment policies, guidelines and restrictions applicable to it, and (iii) is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.
- (c) Except for the publication of the prospectus(es) referred to in the applicable Final Terms (the **Prospectus**), the Noteholder has not relied, and will not at any time rely, on the Issuer or any other member of the UniCredit Group of companies (the **Group**) in connection with its determination as to the legality or the associated merits or risks of its purchase of the Notes or as to the other matters referred to in paragraph (b) above, or to provide it with any information relating to, or to keep under review on its behalf, the business, financial condition, prospects, creditworthiness, status or affairs of the Issuer.
- (d) The Noteholder has sufficient knowledge and experience in financial and business matters and has taken sufficient independent professional advice to make its own evaluation of the merits and risks of investment in the Notes and is not relying on either the views or advice of, or any information with respect to, the Issuer provided by the Issuer (except for any views or advice of, or information with respect to, the Issuer contained in the Prospectus) and/or any other member of the Group in that regard.
- (e) The Noteholder's purchase of the Notes is lawful under the laws of the jurisdiction of its incorporation and the jurisdiction in which it operates (if different), and that such purchase will not contravene any law, regulation or regulatory policy applicable to it.
- (f) The Noteholder acknowledges that the Issuer is not an agent of the Noteholder for any purpose.
- (g) The Noteholder (except where the Noteholder is acting as dealer appointed under the Programme) is purchasing the Notes as principal for its own account, and/or for the account of its clients for whom the Noteholder is acting as an authorised representative, for either investment, financial intermediation, hedging or other commercial purposes and not with a view to, or for resale in connection with, any distribution or any disposition thereof, and no other person, other than the Noteholder and/or such clients, has or will have a direct or indirect beneficial interest in the Notes, other than by virtue of such person's direct or indirect beneficial interest in the Noteholder and/or such clients.
- (h) Having been sent the Final Terms with respect to the Notes on or prior to the issue date, the initial Noteholder of the Notes has read the Final Terms and, having been given an opportunity to comment on the Final Terms, it understands the terms and conditions of the Notes and, in particular, those provisions relating to redemption, and it shall be bound by and deemed to have notice of the terms and conditions of the Notes.

In addition:

- (i) The Noteholder has itself been, and will at all times continue to be, solely responsible for making its own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the Reference Entity, and its own independent appraisal of the Reference Obligation. The Noteholder acknowledges that the amount of principal to be repaid on the Maturity Date may be less than the stated principal amount of the Notes and may even be zero.
- (j) The Noteholder has not relied, and will not at any time rely, on the Issuer or any other member of the Group (i) to provide it with any information relating to, or to keep under review on its behalf, the business, financial condition, prospects, creditworthiness, status or affairs of the Reference Entity or conduct any investigation or due diligence with respect to the Reference Entity or the Reference Obligation or (ii) to determine whether or not at the date hereof a Credit Event or an event or

circumstance which, with the giving of notice or the passage of time or both, could constitute a Credit Event has occurred.

- (k) In issuing the Notes, the Issuer is not making, and has not made, any representation whatsoever as to the Reference Entity, the Reference Obligation or any information contained in any document filed by the Reference Entity with any exchange or with any government entity regulating the purchase and sale of securities.
- (l) The Noteholder acknowledges that the Notes are not and do not represent or convey any interest in the Reference Obligation, nor a direct or indirect obligation of the Reference Entity owing to the Noteholder, and that the Issuer is not an agent of the Noteholder for any purpose.
- (m) The Issuer and each company in the Group may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Reference Entity or its affiliates or any other person or entity having obligations relating to the Reference Entity or the Reference Obligation, and may act with respect to such business freely and without accountability to the Noteholder in the same manner as if the Notes did not exist, regardless of whether any such action might have an adverse effect on the Reference Obligations, the Reference Entity or such Noteholder.
- (n) The Issuer and each company in the Group may, whether by virtue of the types of relationships described above or otherwise, at the date hereof or at any time hereafter be in possession of information in relation to the Reference Obligations or the Reference Entity which is or may be material in the context of the Notes and which is not or may not be known to the general public or the Noteholder. The Notes do not create any obligation on the part of the Issuer or any company in the Group to disclose to the Noteholder any such relationship or information (whether or not confidential) and neither the Issuer nor any other company in the Group shall be liable to the Noteholder by reason of such non-disclosure.
- (o) The Noteholder acknowledges that the terms of the Notes are binding upon it, irrespective of the existence or amount of the Issuer's, the Noteholder's or any person's credit exposure to the Reference Entity, and the Issuer need not suffer any loss or provide evidence of any loss as a result of the occurrence of a Credit Event.
- (p) The Noteholder acknowledges and agrees to abide by the transfer restrictions on transfers of the Notes set forth in the section of the Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*". The Noteholder further acknowledges that it will fully bear any financial or other liability arising from any breaches by it or its agents of such restrictions.

## **24. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **24.1 Governing law**

The Trust Deed, the Agency Agreement, the Guarantee, the Notes (except for Condition 5), the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law. Conditions 5.1 to 5.4 and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, Italian law.

Conditions 5.5 to 5.7 and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, the laws of Ireland.

### **24.2 Submission to jurisdiction**

The Trustee, the Issuer and (in the case of Guaranteed Notes) the Guarantor each agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly (subject, in the case of Subordinated Notes, to the provisions of Condition 14.2) any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

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

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

**24.3 Appointment of Process Agent**

Each of the Issuers and (in the case of the Guaranteed Notes) the Guarantor agrees that any documents required to be served on it in relation to any Proceedings (including any documents which start any Proceedings) may be served on it by being delivered to UniCredit Bank AG, London Branch at Moor House, 120 London Wall, London, EC2Y 5ET or, if different, its principal office for the time being in London. In the event of UniCredit Bank AG, London Branch ceasing to act or ceasing to be registered in England, each of the Issuers and (in the case of Guaranteed Notes) the Guarantor will appoint such other person as the Trustee may approve and as the Issuers and (in the case of Guaranteed Notes) the Guarantor may nominate in writing to the Trustee for the purpose of accepting service of process on its behalf in England in respect of any Proceedings. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

**24.4 Non-exclusivity**

The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder, Receiptholder or Couponholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

**25. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

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## Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuers for their general corporate purposes, which include making a profit. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

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## 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 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. UniCredit's head office and principal centre of business is at Piazza Cordusio, 20123, Milan, Italy, telephone number +39 028862 8715 (Investor Relations). The fully subscribed and paid-up share capital of UniCredit as at the date of this Prospectus amounted to €19,647,948,525.10.

The UniCredit Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Italian Banking Act under number 02008.1 (the **Group** or the **UniCredit Group**), is a leading financial services group with a well established network in 22 countries, including Italy, Germany, Austria, Poland and several other Central and Eastern European (CEE) countries. As at 31 December 2011, UniCredit had representative offices and branches in 28 international markets and 160,360 full time equivalent employees. The Group's portfolio of activities is highly diversified by segments and geographical areas, with a strong focus on commercial banking. Its wide range of banking, financial and related activities includes deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches (*bancassurance*).

The Group is one of the leading banks in Italy, in terms of number of branches, and among the leading banks, in terms of total assets, in many of the CEE countries in which it operates.

### HISTORY

#### Formation of the Group

The Group was initially formed as a result of the October 1998 business combination between the Credito Italiano national commercial banking group and the Unicredito group of regional savings banks. The business combination resulted in the creation of Unicredito Italiano S.p.A. (**Unicredito Italiano**) and combined the product strengths and complementary geographic coverage of these two leading Italian banking groups in order to compete more effectively in the Italian and European banking and financial services markets.

Since its formation, the Group has continued to expand in Italy and Central and Eastern Europe through both organic growth and acquisitions, including, among others, the acquisitions of certain interests in and/or control of Bank Polska Kasa Opieki S.A. (**Bank Pekao**) in Poland in 1999; Splitska Banka D.D. in Croatia, Pol'nobanka A.S. (today **UniBankaA.S**) in Slovakia and Bulbank A.D. in Bulgaria in 2000; Zagrebačka Banka D.D. (**Zagrebačka**) in Croatia, Demirbank Romania S.A. in Romania and Koç Finansal Hizmetler A.S. in Turkey in 2002; Zivnostenska Banka a.s. in the Czech Republic in 2003; Yapi Kredi in Turkey in 2005; and San Menkul Değerler A.S. in Turkey in 2008.

In October 2000, the Group acquired the Global Investment Management division of the U.S.-based Pioneer group (**Pioneer**). Following this acquisition, the Group consolidated its asset management businesses under a newly formed holding company named Pioneer Global Asset Management S.p.A. (**PGAM**) with interests in Pioneer Investment Management SGR S.p.A., Pioneer Investment Management Ltd., Pioneer Asset Management SA and Pioneer Investment Management USA, Inc.

From 2005, the Group significantly expanded its international operations, mainly in Germany, Austria and Central and Eastern Europe, through the business combination with Bayerische Hypo- und Vereinsbank AG (**HVB**). See "*The Business Combination with the HVB Group*".

In August 2007, Bank Austria acquired the brokerage business of the Russian broker, Aton Capital Group, for the purpose of entering the Russian brokerage and investment banking market.

In 2007, HVB transferred an approximately 70 per cent. interest in International Bank Moscow (subsequently renamed **Zao UniCredit Bank**) to Bank Austria, which acquired, between the end of December 2006 and the beginning of January 2007, the interests of minority shareholders, thereby becoming the sole shareholder of Zao UniCredit Bank, one of the top ten Russian banks in terms of total assets.

In May 2007, UniCredit's Board of Directors approved the merger of Capitalia S.p.A. (**Capitalia**) into UniCredito Italiano, which became effective as of 1 October 2007. See "*The Business Combination with the Capitalia Group*".

In October 2007, PGAM signed a joint venture agreement with Bank of Baroda in India in order to extend its presence to one of the world's fastest growing mutual fund markets. Pursuant to this agreement, in 2008 PGAM purchased a 51 per cent. interest in the share capital of BOB Asset Management Company Ltd, which subsequently changed its company name to Baroda Pioneer Asset Management Company Ltd.

In November 2007, Bank Austria acquired a 91.8 per cent. interest (later increased to 99.70 per cent.) in JSC ATF Bank.

In 2007 and 2008, the Group also reorganised its operations in some Central and Eastern European countries (Slovakia, Bulgaria, Romania, the Czech Republic and Bosnia Herzegovina) where, as a result of the HVB business combination, it had a number of subsidiaries.

In January 2008, Bank Austria finalised the acquisition of 94.2 per cent. (later increased to 95.34 per cent.) of the total issued share capital of JSCB UkrSotsbank, the fourth largest bank listed on the Ukrainian stock exchange in terms of deposits and loans.

In May 2008, the UniCredito Italiano extraordinary shareholders' meeting changed the name of UniCredito Italiano to UniCredit S.p.A.

In the first few months of 2009, the Group integrated the ICT and back office activities of HVB and Bank Austria into, respectively, UniCredit Global Information Services S.p.A. and UniCredit Business Partner S.p.A. (subsequently transformed into a joint stock consortium).

In January 2009, mortgages to individuals and consumer credit in Italy previously provided by Fineco Prestiti S.p.A., were integrated through the incorporation of UniCredit Banca per la Casa S.p.A. into UniCredit Consumer Financing Bank S.p.A. (now UniCredit Family Financing Bank S.p.A. (**UniCredit Family Financing Bank**)) and a new model for leasing management at the Group level was realised through the incorporation of UniCredit Global Leasing S.p.A. into Locat S.p.A. (now UniCredit Leasing S.p.A. (**UniCredit Leasing**)).

In April 2009, in order to create a partnership with one of the main operators in the real estate sector, Pioneer Investment Management SGR S.p.A. (**PIM SGR**), a wholly-owned subsidiary of PGAM, acquired an equity interest of 37.5 per cent. in Torre SGR S.p.A. (a real estate fund management company under the Fortress Investment Group LLC, an alternative management company listed on the New York Stock Exchange). The acquisition was carried out through a capital increase reserved to and fully subscribed by PIM SGR by contribution in kind of its real estate funds business unit.

In January 2009 and 2010, UniCredit carried out two capital increases for approximately €3 billion and €4 billion, respectively. These capital increases were aimed at strengthening the Group's capital base. Mediobanca – Banca di Credito Finanziario S.p.A. underwrote 967,564,061 ordinary shares in connection with the 2009 capital increase and granted UniCredit a usufruct right over such shares which were used to back the issuance of convertible and subordinated hybrid equity-linked securities (**CASHES**). For further information, see "*Recent Developments – Contracts Relating to CASHES*".

In March 2010, UniCredit, together with the Italian Ministry of Economy and Finance, Cassa Depositi e Prestiti S.p.A., Intesa Sanpaolo S.p.A., Monte dei Paschi di Siena S.p.A., the Associazione Bancaria Italiana and the Confederazione Generale dell'Industria Italiana, launched Fondo Italiano di Investimento SGR S.p.A., an Italian investment fund for small and medium enterprises.

On 22 March 2011 in order to increase the commercial efficacy of UniCredit's relationship with "Private" clients, through better Group level control of portfolio management, the Board approved a partial spin off in favour of UniCredit of the going concern related to the segregated accounts of private banking clients of Pioneer Investment Management SGR (**PIM**). The Bank of Italy issued its authorisation for the spin off on 27 June 2011. The Board and the shareholders of PIM each approved the spin off on 3 August 2011 and 20 July 2011, respectively. The spin off has become effective on 1 January 2012.

On 15 November 2011, UniCredit ceased its cash equities and equity research activities in Western Europe and entered into an exclusive strategic alliance with Kepler Capital Markets S.A. (**Kepler**) for cash equity research and execution services in Western Europe. The strategic alliance is subject to regulatory approval.

### **The Business Combination with the HVB Group**

On 12 June 2005, UniCredit entered into a business combination agreement (the **BCA**) with HVB relating to the combination of the UniCredit Group with the HVB group, the transaction structure and the future organisational and corporate governance structure of the combined group. At the time of the **BCA**, HVB owned a 77.53 per cent. interest in Bank Austria and, indirectly through Bank Austria, a 71.03 per cent. interest in Bank BPH S.A., a Polish listed bank (**BPH**). The **BCA** provided for the terms and conditions of three public exchange offers in Germany, Austria and Poland for all outstanding shares of HVB, Bank Austria and BPH. The **BCA** terminated on 17 November 2010.

### **HVB (now renamed UniCredit Bank AG)**

On 26 August 2005, UniCredit launched a public tender offer to acquire all of the common shares and all of the preferred shares of HVB. At the conclusion of the offer, UniCredit controlled approximately 93.93 per cent. of the registered share capital and voting rights of HVB. UniCredit's ordinary shares were admitted to trading on the Frankfurt Stock Exchange in November 2005.

On 9 January 2007, HVB transferred its 77.53 per cent. interest in the share capital of Bank Austria to UniCredit (which already held a 17.5 per cent. interest in Bank Austria). HVB then transferred its 100 per cent. interest in the share capital of HVB Ukraine to Bank Pekao.

On 23 January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of HVB. At that time, UniCredit held 95.45 per cent. of the share capital of HVB. Despite challenges by shareholders of HVB, the squeeze-out of HVB's minority shareholders was resolved upon by the bank's shareholders' meeting in June 2007 and was registered with the Commercial Register of Munich on 15 September 2008. The squeeze-out price was €38.26 per HVB share, for a total consideration of approximately €1,398 million. The HVB shares held by the minority shareholders were transferred to UniCredit by act of law, and HVB became UniCredit's wholly-owned subsidiary. Proceedings as to the adequacy of the squeeze-out price are still pending. For further information, see "*Additional Relevant Information*".

On 15 December 2009, HVB changed its name to UniCredit Bank AG.

In the first half of 2010, UCBAG acquired the majority of Bank Austria's subsidiary UniCredit CAIB AG. On 1 July 2010, UniCredit CAIB AG merged into UCB AG, becoming UCB AG's Austrian branch.

### **Bank Austria**

On 26 August 2005, UniCredit published an offer document for the purchase of all bearer shares without par value and all registered shares of Bank Austria that HVB did not hold at the time. At the conclusion of the offer, the Group held 94.98 per cent. of the aggregate share capital of Bank Austria.

On 4 August 2006, the Board of Directors of UniCredit and the supervisory board of Bank Austria approved a reorganisation plan of the Group's subsidiaries in Central and Eastern Europe, for the purpose of making Bank Austria the sub-holding for the Group's banking subsidiaries in CEE countries except Poland and Ukraine.

Following completion of the contribution in kind, UniCredit's direct and indirect interest in Bank Austria increased from 94.98 per cent. to 96.35 per cent.

Subsequently, HVB transferred its 77.53 per cent. interest in Bank Austria to UniCredit and its 100 per cent. participation in HVB Ukraine to Bank Pekao.

On 23 January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of Bank Austria. At that time, UniCredit directly held 96.35 per cent. of the share capital of Bank Austria. The shareholders' meeting on 3 May 2007 approved the squeeze-out transaction of Bank Austria. Subsequently, and as a consequence of settlement procedures with certain shareholders of Bank Austria who challenged the squeeze-out resolution, the squeeze-out was registered with the Vienna Commercial Register on 21 May 2008 and UniCredit became the owner of 99.995 per cent. of Bank Austria's share capital while the

remaining 0.005 per cent. (equal to 10,100 shares) was held by AVZ and BR-Funds. Proceedings as to the adequacy of the squeeze-out price are still pending. See “*Additional Relevant Information*”.

On 27 September 2008, Bank Austria changed its legal name to UniCredit Bank Austria AG (**BA**, or **Bank Austria**).

In March 2010, BA carried out a €212 million capital increase, resulting in an increase of its equity in an amount of €2 billion (€212 million paid as the subscription price and €1.79 billion paid as capital surplus). Consequently, UniCredit’s interest in BA increased to 99.996 per cent.

### **BPH**

On 20 January 2006, UniCredit communicated to the Polish Securities and Exchange Commission, the Warsaw Stock Exchange and the Polish Press Agency its mandatory public tender offer for the shares (representing 28.97 per cent. of the share capital) of BPH that it did not already own. Upon expiry of the acceptance period, no BPH shares had been tendered in the offer.

In November 2006, Bank Austria transferred its 71.03 per cent. interest in BPH to UniCredit, for allocation to the newly constituted Poland Market business segment. The long-term objective of the Poland Market business segment was to maximise the creation of value in the Polish market pursuant to the spin-off of a part of BPH to Bank Pekao. Such spin-off was finalised in November 2007. In addition, following regulatory approval, in December 2007, UniCredit’s ordinary shares commenced trading on the Warsaw Stock Exchange.

On 17 June 2008, in order to facilitate the merger process between Bank Pekao and BPH, UniCredit transferred its 65.9 per cent. shareholding in BPH to GE Money Bank, a Polish bank belonging to the global consumer lending division of General Electric. Prior to the sale, UniCredit held 71.03 per cent. of the share capital of BPH. UniCredit’s remaining approximately 5.1 per cent. stake in BPH was subsequently sold to DRB Holding B.V. (a General Electric group company) in September 2009. In addition, in the context of the transaction, on 18 June 2008, CABET Holding, a company controlled by BA, sold 49.9 per cent. of its stake in BPH TFI (a company operating in the asset management sector) to GE Capital Corporation.

### **The Business Combination with the Capitalia Group**

On 20 May 2007, the Board and Capitalia’s Board of Directors approved the merger of Capitalia (holding company of several banks including Banca di Roma S.p.A., Banco di Sicilia S.p.A., Bipop Carire S.p.A., FincoBank S.p.A. and MCC S.p.A.) into UniCredit (the **Merger**), which was subsequently approved by the shareholders’ meetings of both UniCredit and Capitalia on 30 July 2007. The Merger was effected by way of incorporation of Capitalia into UniCredit. As a consequence, Capitalia ceased to exist and all of its assets, rights and obligations were transferred to UniCredit as of 1 October 2007.

In 2008, Capitalia’s various businesses were brought into line with the Group’s model through:

- the reorganisation of the Italian Retail segment into three network banks with specific regional competences;
- the transfer of Capitalia’s corporate and private banking assets to the corresponding Group banks, which are specialised according to customer segments in line with the divisional Group model;
- the reorganisation and integration of real estate, internal audit, IT and back office operations; and
- the sale of branches in compliance with the order issued by the Italian Competition Authority (the **AGCM**) upon release of its authorisation of the Merger.

In addition, on 17 March 2010, UniCredit sold its entire stake in Assicurazioni Generali, through its subsidiary UniCredit Bank Ireland Plc., as required by the AGCM in its approval of the Merger.

### **Project One4C**

On 13 April 2010, the Board approved the Group’s ONE4C project (the **One4C Project**). The objective of the One4C Project was to achieve greater customer satisfaction.

In particular, the Board approved the mergers of UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank and UniCredit Bancassurance Management & Administration S.c.r.l into UniCredit (together the **One4C**

Mergers). Also, on 13 April 2010, the Board appointed a Country Chairman responsible for all banking activities in Italy, creating a structure similar to the one already existing in Austria, Germany and Poland.

The One4C Project established four specialised client segments: Families, Small and Medium-sized Enterprises, Corporate Banking and Private Banking. The One4C Project also established three specialised Italian sales networks dedicated to servicing:

- approximately 8 million customers with deposits up to €500,000 and 1 million firms with annual turnover of up to €50 million (F&SME);
- over 19,000 firms with annual turnover greater than €50 million (CB); and
- over 160,000 customers with deposits greater than €500,000 (Private Banking).

In addition, Italy was divided into seven geographical areas. A manager was appointed to cover each geographical area and act as the point of contact for local institutions.

On 15 June 2010, the Bank of Italy authorised the One4C Mergers. The merger deed relating to the One4C Mergers was executed on 19 October 2010, and on 1 November 2010 the One4C Mergers became effective and UniCredit commenced its direct banking activities.

### **Rationalisation of the Companies and Support Units Providing Global Banking Services to the Group**

At the end of 2010, the Group began rationalising its businesses that provide Global Banking Services (GBS) to the Group (the **Rationalisation Project**).

The Rationalisation Project supports the Group's need to respond more swiftly and consistently to the requests of Group customers (internal and external) by:

- simplifying GBS and making it more efficient by, among other things, reducing the number of legal entities providing GBS and maximising economies of scale;
- increasing the transparency of the costs of GBS; and
- improving the innovativeness, quality and risk management of GBS by creating operating units that focus on an end-to-end strategy.

UniCredit Global Information Services (UGIS), which has been renamed UniCredit Business Integrated Solutions (UBIS), will operate as the Group's sub-holding and provide GBS to the Group.

The Rationalisation Project will be carried out through the gradual reorganisation of the companies and support units providing GBS to the Group. Aside from the merger of Quercia Software S.p.A. into UGIS, which took place on 1 June 2011, the Rationalisation Project will be carried out in two phases:

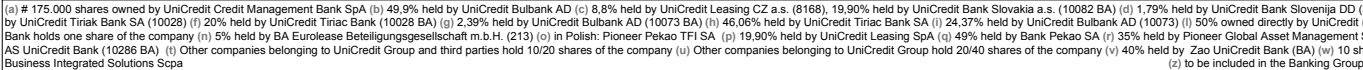
- the first aims to consolidate the Group's GBS in Italy, by means of the merger by incorporation of UniCredit Real Estate (UCRE) and UniCredit Business Partner (UCBP) into UniCredit and UGIS, respectively, with effect from 1 January 2012 and the consolidation into UGIS of the going concerns of UniCredit designated "ICT, Security, Global Sourcing and Operations" and "Real Estate General Services" as well as the rationalisation and alignment of the activities "ICT, Back Office and Middle Office, Real Estate, Security and Global Sourcing" in Germany and Austria; in Germany, the services in scope are managed within two different legal forms (UniCredit Business Integrated Solutions and UGBS GmbH). Evaluation is underway to determine possible reviews of this current configuration; and
- the second (to be carried out presumably by the first half of 2012) aims to complete the consolidation of the Group's GBS abroad. In particular on 1 February 2012 the merger of UniCredit Business Partner GmbH into UGIS Austria GmbH became effective and after the merger the incorporating company changed its company name in UniCredit Business Integrated Solution Austria GmbH.

### **THE CURRENT ORGANISATIONAL STRUCTURE**

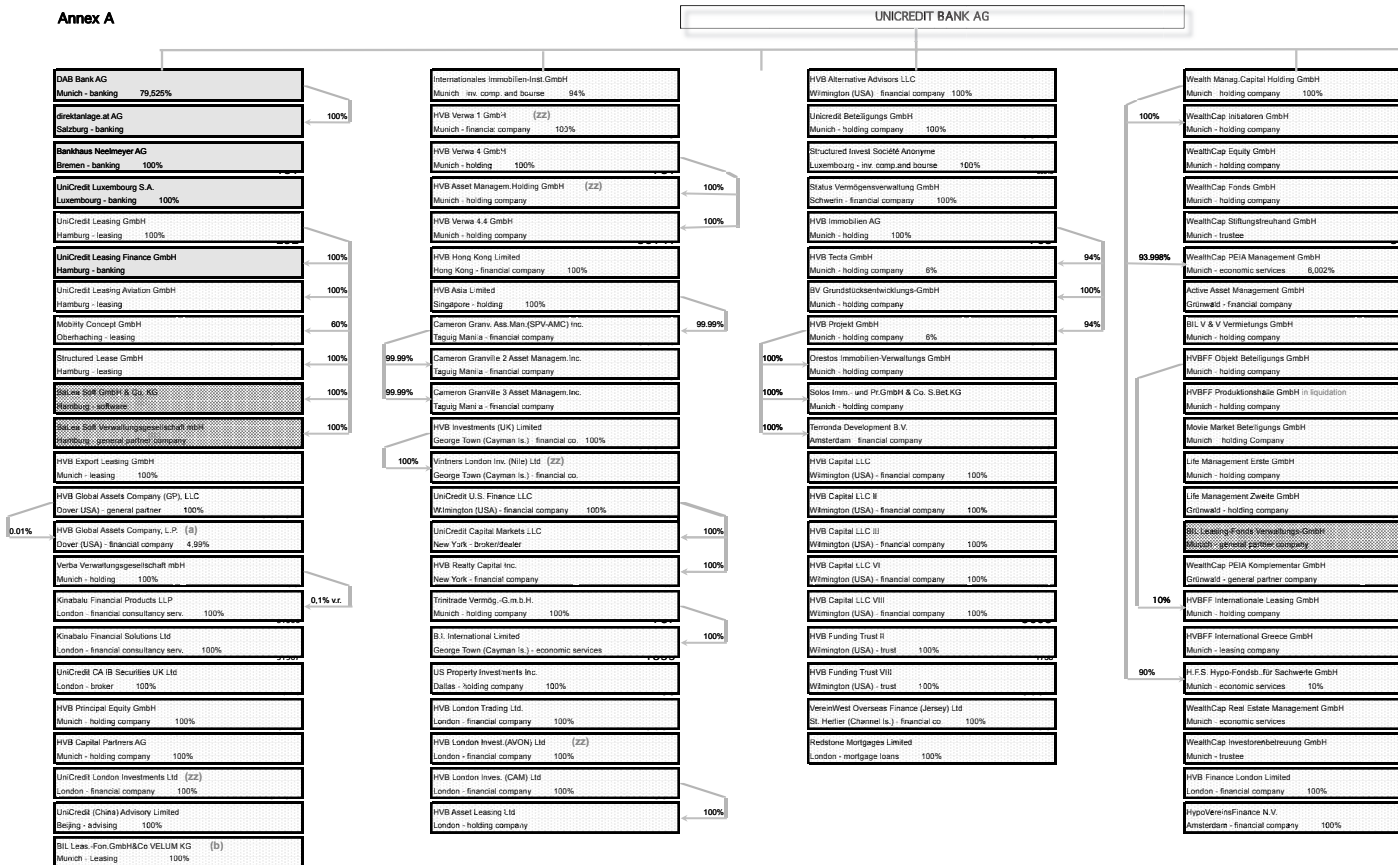
UniCredit is the parent company of the UniCredit Group and carries out, in addition to banking activities, organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.

UniCredit, as a bank which undertakes management and co-ordination activities for the UniCredit Group, pursuant to the provisions of Article 61 of Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**), issues, when exercising these management and co-ordination activities, instructions to the other members of the banking group in respect of the fulfilment of requirements laid down by the Bank of Italy in the interest of the banking group's stability.

The following organisation charts illustrate the main banking group companies as at the date of this Prospectus.



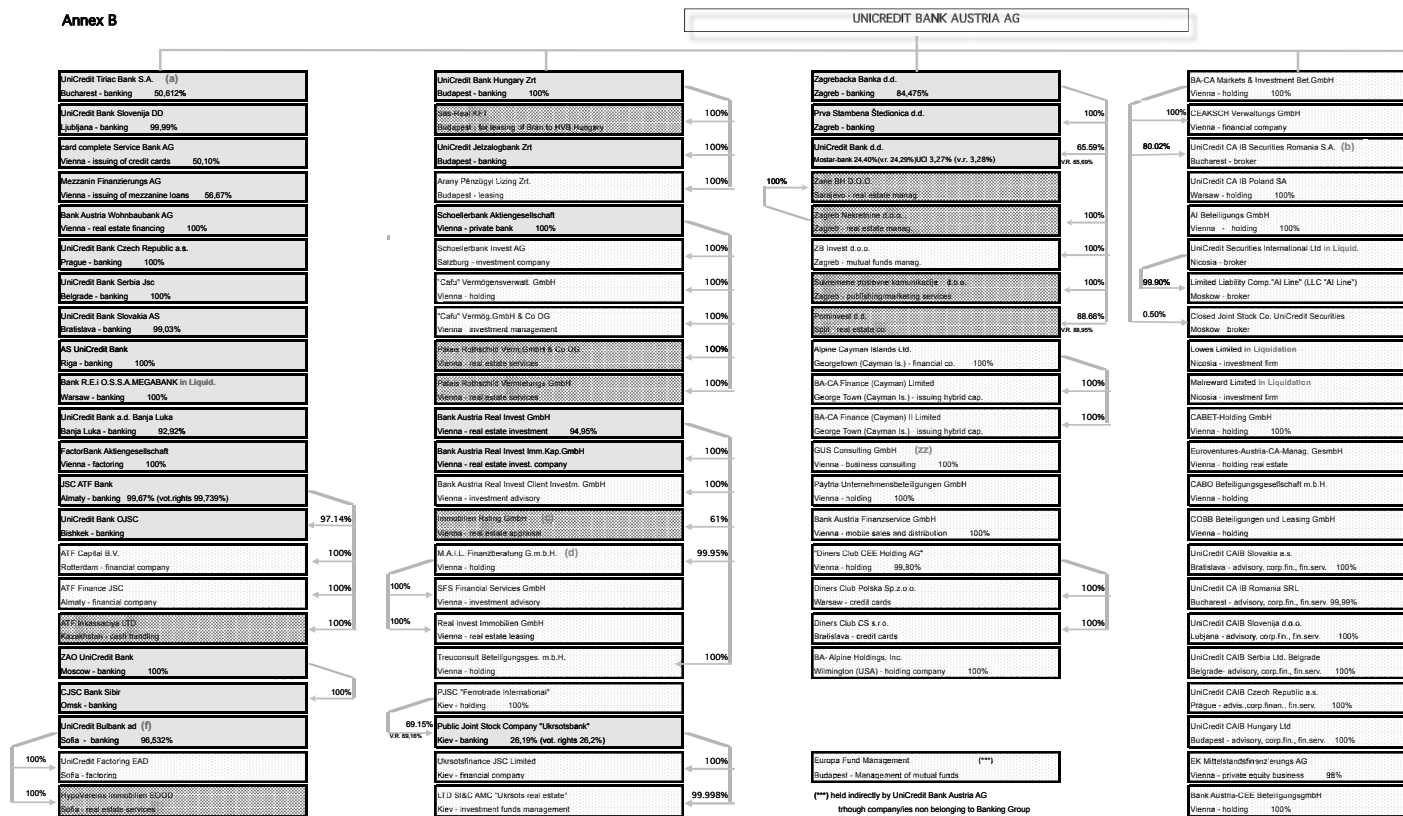
## Annex A



(a) UCB AG has the power to appoint all Members of the Board (b) Voting rights held by UCB AG (33,33%) and by #197 BIL. Leasing-Fonds Verwaltungs GmbH (33,33%)

(z) to be included in the Banking Gro

## Annex B



a) % considering shares held by other Companies controlled by BA b) 19,98%, held by UniCredit Tiriac Bank SA (10028) (c) 19% held by BA and 19% held by UniCredit Leasing (Austria) GmbH (6193) (d) 0,05% held by Treuconsult Beteiligungsgesellschaft m.b.H. UniCredit (x) to be included in the Banking Group (zz) not operative

## 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 co-ordination 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 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 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<sup>10</sup> pursuant to the One for Clients Programme.

Furthermore, UniCredit intends to create value by pursuing the following principal strategic initiatives at the Group level:

- leveraging on its business model based on diversification both geographically and in terms of business;
- further increasing cost efficiency and simplification in Group structure and intra-group services;
- leveraging on global product lines throughout the Group's commercial networks;
- optimising the return on risk-weighted assets, while strengthening the Group's capital ratios, through a highly selective investment policy and a strong focus on risk-monitoring processes;
- strengthening profitability and cost control in Western Europe with a constant and strong commitment to support both families and companies;
- further strengthening the Group's results in Central and Eastern Europe while keeping risks under strict control; and
- greater focus on customers' needs and increased proximity to local markets.

The principal strategic objectives of each of the UniCredit Group's business segments are as follows:

- **Families & SME:** to enable individuals, families, small business customers and small and medium enterprises (SME) to satisfy their financial needs by offering them a complete range of high quality, reliable products and services at competitive prices. The Families & SME Division's strength stems from several sources, the two main drivers being the expertise of our people and the focus centred on customer satisfaction throughout the organisation. Families & SME is also leveraging on its international geographical presence by providing state of the art cross border business services with dedicated desks to the customers. The Families & SME Division carries out its specialised product offer and cross border marketing functions with the primary objective of achieving a true European Families & SME strategy, based on:
  - excellent quality products and services that are reliable and transparent and that meet financing and investment needs, leveraging among other things on specialised product "factories" (e.g. UniCredit Leasing, UniCredit Factoring);

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<sup>10</sup> UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank, UniCredit Bancassurance Management & Administration.

- transnational services with a good quality to price ratio given the value gained;
- satisfaction of customers' needs at the nearest service point and with a differentiated approach according to service model, depending on segment, type of customer and relevant channel;
- greater focus on customer satisfaction at all levels of the Division;
- **Corporate & Investment Banking (CIB):** to support the growth and internationalisation efforts of the UniCredit Group core corporate and institutional clients, leveraging on an unmatched customer proximity and exploiting, by means of its distribution capabilities, the excellence of its product lines and coordinating in a highly synergic manner the origination, execution and management competences of its coverage units and product lines. In particular, CIB's objectives are:
  - to become the point of reference for the corporate clients that operate in the Group core markets, by engineering and distributing high added value standard products and tailor-made solutions, promoting the diffusion of know-how on specialised products and the development of global businesses; and
  - to consolidate its position as a leading European regional specialist in global financial markets and investment banking services, primarily focusing on the countries where the Group is active;
- **Private Banking (PB):** to supply individuals and families with a significant amount of investable assets with superior products and services to help them protect and grow their personal wealth. PB's goal is to remain or become the leading private banking player in all the markets in which it operates through constantly outperforming the markets' average rates of asset growth. The division's strength is based on three key pillars which support its business model:
  - **Superior client relations:** PB's relationship managers are believed to be among the best of their profession and strive constantly to be close to their clients. PB can leverage on well established networks in Germany, Italy, Austria, Poland and on an international competence centre in Luxembourg;
  - **Advanced service model:** the division has defined a service model that addresses the needs of the various customer segments – from classic private banking to UHNWI – within the divisional perimeter in a differentiated way. Thus the best possible service approach can be guaranteed in the most efficient way; and
  - **Global investment view:** PB's financial market specialists leverage on the Group's worldwide presence to identify the key trends that are shaping the financial markets, translating them into independent investment advice and product selection for its clients;
- **Asset Management:** Pioneer Investments has started an organic growth strategic plan which will further enhance the quality of Pioneer Investments' product offering while maintaining focus on delivering an outstanding level of client service. Furthermore, its relationship with UniCredit has been reviewed through a distribution agreement that sets specific requirements in terms of performance and quality of service provided by Pioneer; and
- **Central and Eastern Europe (CEE):** to continue to focus on organic growth while strengthening both risk control and efficiency. In the CEE region, UniCredit relies on the extension of business platforms, know-how and best practices developed within the Group, which, combined with a strong knowledge of local markets, enables UniCredit to offer state of the art products and services to its individual, corporate, private banking and institutional customers. The business platforms of Asset Management, Leasing and Global Transaction Banking reach almost full coverage in the region.

## BUSINESS AREAS

Brief descriptions of the business segments through which the UniCredit Group operates are provided below.

### Family & Small Medium Enterprise Division (F&SME)

The F&SME sector consists of five business lines: (i) F&SME Network Italy, (ii) F&SME Network Germany, (iii) F&SME Network Austria, (iv) F&SME Network Poland and (v) F&SME Network Factories. Such business lines aim primarily to satisfy their clients' needs, being their preferred banking partner. With respect

to business segments within the F&SME sector, in order to best serve the particular needs of its diverse customers, the Group subdivides its clientele into four sub-segments:

- mass market, which includes clientele with assets of up to €75,000;
- affluent, which includes clientele with assets between €75,000 and €500,000;
- small enterprises, which includes professionals and firms with turnover of up to €5 million; and
- medium enterprises, which includes firms with turnover of up to €50 million (which were previously served by the Corporate & Investment Banking business segment).

In addition, the F&SME Network Factories component of the F&SME sector operates through the following four product and service lines:

- Product Line Consumer Finance, which specialises in consumer credit and supports banking network activities in Italy, Germany, Poland, Romania, Bulgaria and Russia with solutions capable of meeting the multiple financing requirements of families (loans and “revolving” cards);
- Product Line Leasing, which is responsible for co-ordinating all activities for the structuring, pricing and marketing of leasing products in the Group with its own distribution network, which supports the Group’s banking network in providing corporate financing solutions;
- Product Line Factoring, which is responsible for co-ordinating all Group activities related to the provision of factoring services, consisting of extending credit against commercial invoices assigned by customers. Through factoring, companies may obtain access to credit and benefit from a series of additional services, including management, collection and credit insurance; and
- Asset Gathering, which specialises in deposit taking from private retail customers through direct channels and financial advisers. Asset Gathering operates through FinecoBank S.p.A. (FinecoBank) in Italy, DAB Bank (DAB Bank) in Germany and Direktanlage.at AG (DAB.at and together with DAB Bank, the DAB group) in Austria, which provide all banking and investment services generally offered by traditional retail banks. These banks differentiate themselves by their focus on technological innovation, mainly through their development of innovative businesses such as online trading. In addition, these banks rely on their own sales network of financial advisors as a means of offering their financial services to its customers.

Among its various activities, the F&SME business segments also act as “factory” for the promotion and management of bancassurance services in all geographic areas, including the countries of the CEE business segment.

### **Corporate & Investment Banking (CIB)**

The CIB division targets UniCredit Group corporate clients (with a turnover in excess of €50 million) and institutional clients in the 22 countries in which the Group operates, and supports such clients in their growth, internationalisation projects and restructuring phases. In addition, the CIB division provides corporate clients with advanced services in connection with their operations in global financial markets and their involvement in investment banking transactions.

The organisational structure of CIB is based on a matrix that distinguishes (i) market coverage (carried out through the Group’s country-specific commercial networks (Italy, Germany, Austria and Poland)) 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 and CIB Network Poland) are responsible for the relationships with corporate clients, banks and financial institutions as well as the sale of a broad range of dedicated financial products and services, ranging from traditional lending and merchant banking services to more sophisticated services with high added value, such as project finance, acquisition finance and other investment banking services and operations in international financial market.

The three Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products. The Product Lines are broken down as follows:

- **Financing and Advisory (F&A)**

F&A is the centre for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a broad variety of services ranging from plain vanilla and standardised products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leveraged Buy-Out, Project and Commodity Finance, Real Estate Finance, Shipping Finance and Principal Investments.

- **Markets**

Markets is the centre for all financial markets activities across the UniCredit Group's businesses 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 centralised "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.

- **GTB**

GTB is the centre for cash management and e-banking products, supply chain finance and trade finance products, structured trade & export finance operations and global securities services.

### **Private Banking**

The Private Banking Division provides high net worth individuals with solutions and services to manage their personal wealth. Among others it is catering to the needs of entrepreneurs, top managers and other opinion leaders thus serving some of UniCredit's key clients. Independent advisory leading to advanced solutions, an uncompromising focus on customer value and constantly striving for excellence are the core values of Private Banking.

The Division boasts trustful and lasting relationships with more than 200,000 clients in Italy, Germany, Austria, Luxembourg and Poland, managed by more than 1,200 private bankers located in about 250 branch offices.

### **Asset Management**

Asset Management operates in Italy as well as globally through PGAM, the sub-holding for the business segment. The business segment acts as a centralised product factory for the development of Asset Management in all of the geographic areas in which the Group operates. In addition, the business segment directs, supports and supervises the development of local business at a regional level.

Leveraging on different investment partnerships with third-party financial institutions on an international level, Asset Management offers a wide range of innovative financial products to private and institutional clients, including mutual funds, hedge funds, asset management, institutional investor portfolios and structured products.

Pioneer Investments is focusing on the organic growth plan designed to further enhance the quality of product offering while maintaining focus on delivering an outstanding level of client service. The key initiatives of the plan include: establishing a geographical presence in areas with interesting business opportunities (Korea, Taiwan, Mexico); restructuring investment centres and establishing a new hub in London specialising on Emerging Markets; increasing the range of US mutual funds in order to widen the product offering in the region; boosting the non-captive business through an increase in Third Parties and Institutional distribution channels; streamlining the Operations and ICT functions, with a view to reducing operational complexities and achieving greater efficiencies. As of date of this Prospectus, UniCredit has acquired the private client asset management business division from PIM.

### **Central and Eastern Europe (CEE)**

The Group operates, through the CEE business segment, in 18 Central and Eastern Europe countries, including Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine. The CEE business segment operates through approximately 2,800 branches and offers a wide range

of products and services to retail, corporate and institutional clients in such countries. BA manages this segment and acts as sub-holding for the banking operations in the CEE countries.

The 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, the 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.

### Group Corporate Center

The Group Corporate Center includes:

- **GBS**

The Global Banking Services division, whose mission is to optimise costs and internal processes to deliver operating excellence and support sustainable growth for the Business Lines, comes within the scope of competence of the COO, whose main areas of responsibility are: ICT, Operations, Workout, Organisation, Real Estate, Global Sourcing, Security, HR Management and Identity & Communications.

The division underwent a streamlining process in 2011, effective as of 1 January 2012, consolidating companies and entities dedicated to providing Information & Communication Technology (ICT), Operations, Real Estate, Security and Procurement services.

The new global service provider, called UniCredit Business Integrated Solutions, organises its work through operating units called Business Lines and Service Lines, and has a workforce of approximately 11,000 in 11 countries; and

- **Corporate Centre**

The Corporate Centre's objective is to guide, 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.

### PERFORMANCE OF THE UNICREDIT GROUP

The following table summarises key financial Group consolidated figures split by business contribution at 31 December 2011. The breakdown of profit and loss figures by business segment given below is in line with the management reporting of Group results at 31 December 2011.

| Consolidated results as at 31 December 2011 (audited) |                  |                                       |                 |                                      |                  |                     |
|-------------------------------------------------------|------------------|---------------------------------------|-----------------|--------------------------------------|------------------|---------------------|
| Euro millions; %                                      | Operating Income | per cent. of Group's Operating Income | Operating Costs | per cent. of Group's Operating Costs | Operating Profit | Profit before taxes |
| F&SME Network Italy .....                             | 6,808            | 27.02%                                | (4,323)         | 27.96%                               | 2,485            | 429                 |
| F&SME Network Germany .....                           | 1,594            | 6.33%                                 | (1,449)         | 9.37%                                | 146              | 79                  |
| F&SME Network Austria .....                           | 1,171            | 4.65%                                 | (905)           | 5.85%                                | 266              | 112                 |
| F&SME Network Poland .....                            | 1,133            | 4.50%                                 | (685)           | 4.43%                                | 449              | 362                 |
| F&SME Total Factories .....                           | 2,056            | 8.16%                                 | (863)           | 5.58%                                | 1,193            | 514                 |
| CIB .....                                             | 7,657            | 30.38%                                | (2,698)         | 17.45%                               | 4,959            | 2,493               |
| Private Banking .....                                 | 921              | 3.65%                                 | (563)           | 3.64%                                | 358              | 304                 |
| Asset Management.....                                 | 787              | 3.12%                                 | (466)           | 3.01%                                | 321              | 297                 |
| CEE .....                                             | 4,719            | 18.73%                                | (2,206)         | 14.27%                               | 2,512            | 1,447               |
| Corporate Centre (*) .....                            | (1,646)          | (6.53%)                               | (1,304)         | 8.43%                                | (2,949)          | (3,977)             |
| <b>Total Consolidated .....</b>                       | <b>25,200</b>    | <b>100%</b>                           | <b>(15,460)</b> | <b>100%</b>                          | <b>9,740</b>     | <b>2,060</b>        |

\* Consolidation adjustments included.

These numbers derive from the condensed income statement by business segment, reclassified as in the interim report on operations.

## LEGAL PROCEEDINGS

UniCredit S.p.A. and other UniCredit Group companies are involved in legal proceedings. From time to time, past and present directors, officers and employees may be involved in civil 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, privacy and information security rules and others. Failure to do so may lead to additional litigation and investigations and subject the Group to damages claims, regulatory fines, other penalties or reputational damage. In addition, one or more Group companies is subject to investigations by the relevant supervisory 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 or its clients.

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 authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class action in the United States). In such cases, given the infeasibility 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 protect against possible liabilities that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), the UniCredit Group has set aside a provision for risks and charges of €1,496 million as at 31 December 2011. The estimate for reasonably possible liabilities and this provision are based upon currently available information but, given the numerous uncertainties inherent in litigation, involve significant elements of judgment. 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 purely 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, and the actual costs of resolving pending lawsuits may prove to be substantially higher.

Consequently, it cannot be excluded that an unfavourable outcome of such legal proceedings or such investigations may have a negative impact on the results of the UniCredit Group and/or its financial situation.

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. Please note that labour law, tax and credit recovery actions are excluded from this section.

### **Madoff**

#### *Background*

In March 2009, Bernard L. Madoff (**Madoff**), former chairman of the NASDAQ Exchange and owner of Bernard L. Madoff Investment Securities LLC (**BMIS**), a broker-dealer registered with the Securities Exchange Commission (the **SEC**) and the Financial Industry Regulatory Authority (**FINRA**), pled guilty to crimes, for which he was sentenced to 150 years in prison, that included securities fraud, investment adviser fraud, and providing false information to the SEC in connection with his operation of what has been described as a Ponzi scheme. In December of 2008, shortly after Madoff's arrest, a bankruptcy administrator (the **SIPA Trustee**) for the liquidation of BMIS was appointed in accordance with the U.S. Securities Investor Protection Act of 1970.

Following Madoff's arrest, several criminal and civil suits were filed in various countries against financial institutions and investment advisers by, or on behalf of, investors, intermediaries acting as brokers for investors and public entities in relation to losses incurred.

As at the date of Bernard L. Madoff's arrest, and since mid-2007, the Alternative Investments division of Pioneer (**PAI**), an indirect subsidiary of UniCredit S.p.A., acted as investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation), **Primeo**) and various funds-of-funds (**FoFs**), which were non-U.S. funds that had invested in other non-U.S. funds with

accounts at BMIS. Pioneer also owned the founder shares of Primeo since 2007. Previously, the investment advisory functions had been performed by BA Worldwide Fund Management Ltd (**BAWFM**), an indirect subsidiary of UniCredit Bank Austria AG (**BA**). For a period of time, BAWFM had previously performed investment advisory functions for Thema International Fund plc, a non-U.S. fund that had an account at BMIS.

UniCredit Bank AG (then HypoVereinsbank) issued tranches of debt securities whose potential yield was calculated based on the yield of a hypothetical structured investment (synthetic investment) in the Primeo funds. 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. Bank Medici is alleged to be connected, *inter alia*, to the Herald Fund SPC, a non-U.S. fund that had an account at BMIS.

### *Proceedings in the United States*

#### **Purported Class Actions**

UniCredit S.p.A., BA, PAI and Pioneer Global Asset Management S.p.A. (**PGAM**), a UniCredit S.p.A. subsidiary were named among some 70 defendants in three putative class action lawsuits filed in the United States District Court for the Southern District of New York (the **Southern District**) between January and March 2009, purporting to represent investors in three investment fund groups (the “Herald” funds, “Primeo” and the “Thema” funds) which were invested, either directly or indirectly, in BMIS.

The three cases were later consolidated for pre-trial purposes and in February of 2010 amended complaints were filed in each case. In April of 2011, permission was sought from the Court further to amend each of the three complaints, principally to withdraw certain claims under the United States federal securities laws, and, in one case, to add a claim under the United States Racketeer Influenced and Corrupt Organizations Act (**RICO**), as further described below.

The amended “Herald” complaint claimed on behalf of investors in Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on 10 December 2008, or who invested in those funds from 12 January 2004 to 10 December 2008. It was principally alleged that defendants, including UniCredit S.p.A., BA and Bank Medici breached common law duties by failing to safeguard the claimants’ investment in the face of “red flags” that, it is claimed, should have alerted them to Madoff’s fraud. The plaintiffs also requested the Court’s permission to add claims that defendants, including UniCredit S.p.A., violated RICO by allegedly participating in a plan to enrich themselves by feeding investors’ money into Madoff’s Ponzi scheme.

The plaintiffs alleged that the proposed class lost approximately \$2.0 billion in the Madoff Ponzi scheme, which they sought to recover trebled under RICO.

The amended “Primeo” complaint claimed on behalf of investors in Primeo Select Fund and/or Primeo Executive Fund on 10 December 2008, or who invested in those funds from 12 January 2004 to 12 December 2008. It was principally alleged that the defendants, including UniCredit S.p.A., BA, Bank Medici, BAWFM, PAI and PGAM breached common law duties misrepresenting the monitoring that would be done of Madoff and claimants’ investments and disregarding “red flags” of Madoff’s fraud.

The amended “Thema” complaint claimed on behalf of investors in Thema International Fund plc and/or Thema Fund on 10 December 2008, or who invested in those funds from 12 January 2004 to 14 December 2008. It was principally alleged that defendants, including UniCredit S.p.A., BAWFM and Bank Medici, committed common law torts by, *inter alia*, recklessly or knowingly making or failing to prevent untrue statements of material fact and/or failing to exercise due care in connection with the claimants’ investments in the Thema fund.

In the Herald, Primeo and Thema cases, the plaintiffs sought damages in unspecified amounts (other than under RICO in the case of the Herald complaint, as noted above), interest or lost profits punitive damages, costs and attorneys’ fees, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

On 29 November 2011, the Southern District dismissed at the request of UniCredit S.p.A., PGAM, PAI, BA and other defendants all three purported class action complaints on grounds, with respect to UniCredit S.p.A., PGAM, PAI and BA, that the United States is not the most convenient forum for resolution of plaintiffs’ claims.

On or about 11 January 2012, all three groups of plaintiffs appealed the judgment of the Southern District to the United States Court of Appeals for the Second Circuit (the **Second Circuit**), which appeals are now in progress.

### *Claims by the SIPA Trustee*

In December of 2010, the SIPA Trustee filed two cases (the **HSBC** and the **Kohn** case, respectively) in the United States Bankruptcy Court in the Southern District of New York against several dozen defendants. Both cases were later removed to the non-bankruptcy federal trial court in the Southern District at the request of UniCredit S.p.A., PAI and certain other defendants.

In the HSBC case, the SIPA Trustee sought to recover from some 60 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, and Bank Medici seeking amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BMIS, subsequent transfers of funds originating from BMIS (in the form of alleged management, performance, advisory, administrative and marketing fees, among other such payments, said to exceed \$400 million in aggregate for all defendants), and compensatory and punitive damages against certain defendants on a joint and several basis, including the five abovementioned, alleged to be in excess of \$2 billion. In addition to avoidable transfers, the SIPA Trustee sought to recover in the HSBC action unspecified amounts (said to exceed several billion dollars) for common law claims of unjust enrichment, aiding and abetting BMIS's breach of fiduciary duty and BMIS's fraud and contribution. However, on 28 July 2011, the Southern District Court dismissed, at the request of UniCredit S.p.A., PAI, BA and certain other defendants the common law claims for aiding and abetting Madoff's fraud and breach of fiduciary duty, for unjust enrichment and for contribution. The SIPA Trustee has appealed the Southern District's order finalising the dismissal of those claims to the Second Circuit. Certain claims brought by the SIPA Trustee which were not addressed in the motion to dismiss remain pending in the bankruptcy court.

On 22 March 2012 UniCredit S.p.A., BA and PAI requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court on 28 July 2011 to dismiss the common law claims.

In the Kohn case, the SIPA Trustee seeks to recover from more than 70 defendants, including UniCredit S.p.A., BA, PGAM, BAWFM, Bank Medici, Bank Austria Cayman Islands, and several persons affiliated with UniCredit S.p.A. and BA, unspecified avoidable transfers from BA as an initial transferee from BMIS and as from UniCredit S.p.A., BA and other UniCredit S.p.A.-affiliated defendants as subsequent transferees of funds likewise originating from BMIS. The complaint further asserts common law claims, including unjust enrichment and conversion, as well as violations of the RICO statute as the alleged result of the defendants' directing investors' money into Madoff's Ponzi scheme. The SIPA Trustee seeks treble damages under RICO (three times the reported net \$19.6 billion losses allegedly suffered by all BMIS investors), alleged retrocession fees, management fees, custodial fees, compensatory, exemplary and punitive damages and costs of suit as against the defendants on a joint and several basis.

UniCredit S.p.A., BA, PGAM and Alessandro Profumo (former CEO of UniCredit S.p.A.) moved to dismiss the common law and RICO claims on 25 July 2011. On 21 February 2012, the District Court dismissed the RICO and common law claims asserted in the Kohn action, and returned to the Bankruptcy Court the remaining avoidance claims. On 21 March 2012, the SIPA Trustee filed a notice of appeal to the Second Circuit of the decision. He procedurally withdrew that appeal on 10 April 2012, subject to potential reinstatement at any party's request within one year.

On 22 March 2012 UniCredit S.p.A., BA and PGAM requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court to dismiss the RICO and common law claims, as noted above. UniCredit S.p.A. and its affiliated defendants intend to continue defending these proceedings vigorously.

### *Proceedings Outside the United States*

On 22 July 2011, the Joint Official Liquidators of Primeo (the **Primeo Liquidators**) issued a writ of summons against PAI in the Grand Court of the Cayman Islands, Financial Services Division. In that claim the Primeo Liquidators allege that PAI is liable under the terms of an investment advisory agreement between Primeo and PAI as a result of alleged breaches of duties by PAI and also as a result of alleged acts and omissions by BMIS for which PAI is alleged to be vicariously liable. The Primeo Liquidators also allege that fees paid to

PAI were paid under a mistake of fact and claim restitution from PAI of those fees. In aggregate, the Primeo Liquidators claim approximately \$262 million plus additional unquantified damages, as well as interest and costs.

Numerous civil proceedings have been initiated in Austria by numerous investors related to Madoff's fraud in which BA, among others, was named as a defendant. In one proceeding, Pioneer Investments Austria GmbH (PIA) has also been named as a defendant. In a separate proceeding, PAI and "BA Worldwide Limited" have been named as defendants (in addition to BA). The plaintiffs invested in funds that, in turn, invested directly or indirectly with BMIS. No final judgments handed down thus far have been against BA, PIA, PAI or BA Worldwide Limited. Four interim judgments were handed down in favour of the plaintiffs against BA. In one of those cases the claim has been withdrawn. In the second case the court of second instance has confirmed the decision and BA will appeal to the Supreme Court. The third and fourth cases also will be appealed by BA. With respect to these cases which are subject to an appeal, no estimate can be made as to their potential outcomes nor the effect, if any, which those appeal decisions may have on other cases pending against BA.

In respect of the Austrian civil proceedings pending as against BA, which relates to Madoff's fraud, BA has made provisions for an amount considered appropriate to the current risk.

A criminal investigation is ongoing in Austria in relation to the Madoff case. This investigation, which includes BA as well as other persons, was initiated by a complaint filed by the FMA (the Austrian Financial Market Authority) to the Austrian prosecutor.

Subsequently complaints were filed by purported investors in funds which were invested, either directly or indirectly with BMIS. These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of Primeo. This investigation is still at an early stage and no indictments have been issued.

Legal proceedings were brought in Germany against UniCredit Bank AG regarding synthetic debt securities issued by UniCredit Bank AG and connected to Primeo. One of these lawsuits has since been abandoned by the plaintiff, the one remaining lawsuit was rejected in its entirety by the Munich Regional Court. A new lawsuit has since been commenced against UniCredit Bank AG. This new lawsuit also relates to the synthetic debt securities issued by UniCredit Bank AG that are connected to Primeo.

A Chilean investor in synthetic debt securities connected to Primeo has filed a complaint with the Chilean prosecutor. The case is at an investigative phase only. No indictments have been issued. Testimony has been taken from employees or former employees of UniCredit S.p.A. or its affiliates.

### *Subpoenas and Investigations*

UniCredit S.p.A. and several of its subsidiaries have received subpoenas orders and requests to produce information and documents from the SEC, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Financial Market Authority, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's fraud. Similar such subpoenas, orders and requests may be received in the future by UniCredit S.p.A. its affiliates, and some of their employees or former employees, in the foregoing markets or in places where proceedings related to Madoff investments are pending from time to time.

### *Certain Potential Consequences*

In addition to the foregoing proceedings stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional Madoff-related actions have been threatened and are in the process of being and may be filed in the future in the said countries or in other countries by private investors or local authorities. The pending or future actions may have negative consequences for the UniCredit Group.

UniCredit S.p.A. and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.

Save as described above, for the time being it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, and save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

### Proceedings Related to and Arising out of the Purchase of HVB by UniCredit – Damages Claims

On 27 June 2007, the HVB annual Shareholders' Meeting passed a resolution to claim damages against UniCredit S.p.A., its legal representatives, and (former) members of HVB's management board and supervisory board, alleging damage to HVB due to the sale of its shareholding in Bank Austria and the Business Combination Agreement (BCA) entered into with UniCredit S.p.A. during the integration process. A Special Representative (the **Special Representative**) was appointed to take this forward. Although a shareholder, UniCredit S.p.A. was prohibited from voting at the meeting.

On 20 February 2008, the Special Representative filed a claim against UniCredit S.p.A. and others, requiring the return of the shares in BA to HVB along with compensation to HVB for any additional losses suffered and, in the alternative, €13.9 billion in damages. The claim was subsequently amended to include an additional amount of €2.98 billion (plus interest) in addition to any damage that may have resulted from the capital increase resolved by HVB in April 2007 in the context of contributing of the allegedly overvalued banking business of the former UBM to HVB.

The Special Representative has now been removed and no longer has the authority to take forward these claims. The claims have not been formally removed as yet and a decision will be taken by HVB on next steps.

### Cirio

In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) served notice on Sergio Cagnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A. (now UniCredit S.p.A.), of a petition to declare invalid an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. (**Parmalat**). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. jointly refund €168 million and that all defendants jointly pay damages of €474 million. In the alternative, it sought the revocation of the settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of "undue profiteering".

Despite no preliminary investigation being conducted, in February 2008, the Court ordered Capitalia S.p.A. (currently UniCredit S.p.A.) and Sergio Cagnotti to pay €223.3 million plus currency appreciation and interest from 1999. UniCredit appealed the decision. It also requested a stay of execution of the lower court's judgment, which was successfully obtained in January 2009. The next hearing is scheduled on 11 November 2014.

Provisions have been made for an amount considered appropriate to the current risk of the proceedings.

In April 2007, certain Cirio group companies in extraordinary administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UBM (now UniCredit S.p.A.) and other banks for compensation for damage resulting from their role as arrangers of bond issues by Cirio group companies, although, according to the claimants, they were already insolvent at the time. Damages were quantified as follows:

- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of €421.6 million to €2.082 billion (depending upon the criteria applied);
- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of €9.8 million;
- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.), for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Cirio group companies, plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of 3 November 2009 the judge denied the claimants' claim that the companies of the Cirio group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks.

The extraordinary administration has appealed against the ruling and the hearing for the conclusions is set for 27 January 2016.

UniCredit S.p.A. believes the action to be groundless. Accordingly, no provisions have been made.

### Merckle

In February 2012 two customers belonging to the same group of companies have filed claims against UCB AG with a total amount in dispute of €491.4 million (plus interest). The dispute results from the termination of their repo-transactions with UCB AG. The claimants assert that the compensation paid by UCB AG to the clients following the clients' default was insufficient. The bank intends to defend itself against said claims.

### Qui Tam Complaint Against Vanderbilt LLC and other UniCredit Group Companies

On 14 July 2008, claimants Frank Foy and his wife filed a complaint on behalf of the State of New Mexico (**Qui Tam Statute**) seeking recovery of false claims for payment made upon the State in relation to certain investments made by the New Mexico Educational Retirement Board (**ERB**) and the State of New Mexico Investment Council (**SIC**) in Vanderbilt Financial LLC (**VF**), an indirect UniCredit S.p.A. investee company. The complaint states that Frank Foy was the Chief Investment Officer of ERB and that he submitted his resignation in March 2008.

The claimants have standing to sue on behalf of the State of New Mexico under the State qui tam statute, the New Mexico Fraud Against Taxpayers Act (**FATA**) and seek compensation for damages in an amount of \$ 360 million. The claimants assert that the Vanderbilt VF defendants (see below) and the other defendants persuaded ERB and SIC to invest \$90 million in Vanderbilt products (i) by knowingly providing false information on the nature and risk level of the VF investment and (ii) by guaranteeing improper contributions to the Governor of the State of New Mexico, Bill Richardson, and other State officials, to convince them to make the investment. In addition to the entire initial investment of \$90 million (as consequential damages), Foy requests an additional \$30 million for loss of profit.

Defendants include – *inter alia* – the following:

- Pioneer Investment Management USA Inc. (**PIM US**), a wholly-owned subsidiary of PGAM;
- Vanderbilt Capital Advisors, LLC (**VCA**), a wholly-owned indirect subsidiary of PIM US;
- Vanderbilt Financial, LLC (**VF**), a special purpose vehicle in which PIM US has an 8 per cent. holding (VF has since been liquidated);
- PGAM, a wholly-owned subsidiary of UniCredit S.p.A.;
- UniCredit S.p.A.;
- various directors and officers of VCA, VF and PIM US;
- law firms, external auditors, investment banks and State of New Mexico officials.

At present, an assessment on the economic impact that may result from the proceedings is premature and thus no provisions have been made.

The complaint was originally served on the American companies, including VCA, PIM US (both part of UniCredit Group) and VF, and the natural persons called as defendants.

On 24 September 2009 UniCredit S.p.A. and on 17 December 2009 PGAM were also served. All the defendants filed motions to dismiss on procedural and substantive grounds.

On 8 March 2010, the Foys filed a purported amended complaint seeking to add one additional claimant, several additional defendants, and over 50 additional claims. Foy also sought to put in issue other Vanderbilt CDOs in which the State of New Mexico public funds invested and which increased the claimed losses from \$90 million to \$243.5 million. The defendants have challenged whether the amended complaint was properly filed, and on 26 March 2010, the court ruled that it will not consider the amended complaint, and the defendants need not respond to it, until after the court has addressed the previously submitted motions to dismiss the original complaint.

On 28 April 2010, Judge Pfeffer issued an order dismissing all of the claims brought by the original complaint. The Judge had already expressed concerns that retroactive application of the New Mexico Qui Tam Statute (**FATA**) would violate prohibitions against constitutional ex post facto protections, and this was the basis for his ruling dismissing all the FATA claims. The Judge also dismissed Foy's claims under the state

Unfair Practices Act (UPA) on grounds that claims were based on securities transactions not within the scope of the protections offered by the UPA.

In May 2010, Foy filed a package of seven motions requesting Judge Pfeffer to reconsider the dismissal on various grounds and, alternatively, requesting him to certify the legal question regarding the retroactive application of FATA for an interlocutory appeal to the New Mexico State Appeals Court. The Vanderbilt defendants and the other defendants filed oppositions to all of these motions, and asked the Court to strike the amended complaint and dispose of the entire case. On 2 September 2010, Judge Pfeffer issued his decisions. He certified the legal question for interlocutory appeal, but ordered the claimant to strip the amended complaint of all allegations that were inconsistent with his rulings that FATA could not be applied retroactively and that no claims survived under the UPA.

Foy filed a request for interlocutory review with the New Mexico Court of Appeals on 16 September 2010 and the revisions to the amended complaint with the lower court on 17 September 2010. The defendants opposed the request for interlocutory appeal. On 21 October 2010, the New Mexico Court of Appeals refused Foy's request for an interlocutory appeal. On 7 February 2011, the court ruled that Foy could proceed with the amended complaint to the extent it challenged conduct occurring after FATA's effective date. On 31 March 2011, all of the Group defendants filed motions to dismiss the remaining claims, and the individual defendants, PGAM and UniCredit S.p.A., also filed renewed motions to dismiss based on lack of personal jurisdiction.

On 6 May 2011, the Attorney General of the State of New Mexico exercised its right to intervene in a *qui tam* case brought under FATA and moved to dismiss all of the claims in the Foy litigation, alleging that the SIC had made investments following improper contributions to state officials the "pay to play" claims. Foy opposed the AG's action. The Group defendants took no position on the AG's motion, which, even if successful, would leave intact most of the surviving claims against them. Judge Pfeffer ruled in the Attorney General's favour and an order granting partial dismissal was issued.

On or around 30 August 2011, a related development occurred in a second lawsuit brought by Foy under FATA against a different group of financial services companies, *Foy v. Austin Capital Management (Austin)*. The Austin court had followed Judge Pfeffer in refusing to apply FATA retroactively, but while the NM Court of Appeals had refused to review that decision in Foy, it agreed to hear the issue on appeal in Austin. A decision is not expected for many months, but when issued, it will apply to Foy as well.

On 4 October 2011, Judge Pfeffer issued a series of identical orders deferring decision on the various defendants' personal jurisdiction motions and permitting discovery to go forward on facts relevant to those motions. The parties have begun discussions aimed at clarifying the scope and timing of permitted discovery.

In January 2010, a purported class or derivative action entitled *Donna J. Hill vs. Vanderbilt Capital Advisors, LLC*, was filed in the state court in Santa Fe, New Mexico. the lead claimant, a beneficiary of the New Mexico Educational Retirement Fund (the **Fund**), seeks to recover on behalf of the Fund or its plan participants the money that the Fund lost on its investment in Vanderbilt Financial, LLC (VF).

In February 2010, a parallel case by another plan participant, entitled *Michael J. Hammes vs. Vanderbilt Capital Advisors, LLC*, was filed in the same court making virtually identical allegations. The Hill and Hammes cases make factual allegations similar to those asserted in the Foy case, but they bring their claims under common law theories of fraud, breach of fiduciary duty (against the Educational Retirement Board (ERB) members), and aiding and abetting breaches of duty by those board members.

The Hill and Hammes cases originally named VCA, VF, PIM US and various current or former officers and directors of VCA, VF and/or PIM, several current or former ERB board members and other parties unconnected to Vanderbilt. Neither PGAM nor UniCredit were named as defendants in these cases. In February 2010, the Hill case was removed by one of the ERB board member defendants to the United States District Court for the District of New Mexico. Subsequently, the deadline for defendants to respond was indefinitely extended in the Hammes case by agreement of the parties. Hammes remains in state court. In addition, the Hill claimants agreed to dismiss from the case, without prejudice (so reinstatement is possible), PIM US and the individual officers named as defendants. Neither the Hill nor Hammes complaint specifies the amount of damages claimed, but the total invested by the ERB in VF was USD 40 million; moreover this amount is subsumed within the damages claimed in the Foy lawsuit. On 31 August 2010 the Vanderbilt defendants filed a motion to dismiss all of the claims in Hill. Claimants opposed the motion, and

a hearing was held in New Mexico federal district court on 29 October 2010. Some months later, plaintiffs informed the court that the ERB Board had met and determined not to enter the case.

After requesting and obtaining updates from the Vanderbilt defendants regarding the progress in Foy, on 30 September 2011, the Hill court issued a lengthy opinion dismissing the federal court case for lack of subject matter jurisdiction and remanding it to New Mexico state court. The opinion contains a detailed, negative commentary on the plaintiffs' standing to bring suit, but does not rule on the issue. The Hill plaintiffs are appealing the lower court's decision.

### **Divania S.r.l.**

In 2007, Divania S.r.l. (now in bankruptcy) filed a suit in the Court of Bari, Italy, against UniCredit Banca d'Impresa S.p.A. (then redenominated UniCredit Corporate Banking S.p.A. and, following the implementation of the One4C project, now merged into 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. (now UniCredit 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 S.r.l. had agreed to waive any claims in respect of the transactions.

UniCredit S.p.A. rejects Divania S.r.l.'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 April 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).

UniCredit S.p.A. has made a provision for an amount consistent with the lawsuit risk.

Another two lawsuits have also been filed by Divania, one for €68.9 million (which was subsequently increased up to €80.5 million ex article 183 of the Italian Code of Civil Procedure) and the second for €1.6 million. Both are considered to be groundless and therefore no provisions have been made.

Due to Divania S.r.l.'s bankruptcy, which was declared in June 2011, all these proceedings were stayed. In November 2011 proceedings resumed with respect to the claim for €68.9 million (Euro 80.5).

### **Acquisition of Cerruti Holding Company S.p.A. by Fin.Part S.p.A.**

At the beginning of August 2008, the trustee in bankruptcy of Fin.Part S.p.A. (**Fin.Part**) brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. (now UniCredit S.p.A.), UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) and one other bank not belonging to the UniCredit group for contractual and tortious liability.

Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for damage allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (**Cerruti**) by Fin.Part.

The claimant alleges that the financial obligations arising out of the Cerruti acquisition financing brought about Fin.Part's bankruptcy and that the banks therefore acted unlawfully.

The claim is for €211 million plus all fees, commissions and interest earned in connection with the allegedly unlawful activities. On 23 December 2008 the trustee in bankruptcy of C Finance S.A. intervened in the case. It maintains that C Finance S.A. was insolvent at the time of its establishment because of the transfer of bond loan income to Fin.Part obtaining in exchange for valueless assets and that it was the banks and their executives, in devising and executing the transaction, who contributed in causing C Finance S.A. to become insolvent. Accordingly, it seeks damages as follows: a) the total bankruptcy liabilities (€308.1 million); or,

alternatively, b) the amounts disbursed by C Finance S.A. to Fin.Part and Fin.Part International (€193 million); or, alternatively, c) the amount collected by UniCredit S.p.A. (€123.4 million).

The banks are also requested to pay damages for the amounts collected (equivalent to €123.4 million, plus €1.1 million in fees and commissions) for the alleged invalidity and illegality of the transaction in question and the payment of Fin.Part's debts to UniCredit S.p.A. using the proceeds from the C Finance S.A. bond issue. In addition, the claimant alleges that the transaction was a means for evading Italian law regarding limits and procedures for bond issues.

In January 2009, the judge rejected a writ of attachment against the defendant not belonging to UniCredit group.

In addition, on 2 October 2009, the receivership of Fin.Part subpoenaed in the Court of Milan UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), in order that (i) the invalidity of the "payment" of €46 million made in September 2001 by Fin.Part to the former Credito Italiano be recognised and consequently, (ii) the defendant be sentenced to return such amount in that it relates to an exposure granted by the bank as part of the complex financial transaction under dispute in the prior proceedings.

At the hearing held on 21 February 2012, the two lawsuits were joined, the conclusions were filed and the Court named an expert witness.

UniCredit S.p.A, on the basis, *inter alia*, of the information supplied by their legal counsel, believes the claims are groundless and/or lacking in an evidentiary basis. Provisions have been made for an amount considered adequate to cover the costs.

### **Valauret S.A.**

In 2001, Valauret S.A. and Hughes de Lasteyrie du Saillant bought shares in the French company Rhodia S.A. They filed a civil claim in 2004 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 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 on going. In December 2008, the civil proceedings were also stayed against BA.

In BA's opinion, the claim is groundless and no provisions have been made.

### **Treuhandanstalt**

BA has joined in litigation in Switzerland in support of the defendant AKB Privatbank Zürich AG (formerly known as BA (Schweiz) AG and then a subsidiary of BA) in a suit brought by Bundesanstalt für vereinigungsbedingte Sonderaufgaben (BvS). BvS is one of the successors of the former Treuhandanstalt a German public body responsible for managing the assets of the former East Germany.

BvS claims that BA's former subsidiary is liable for the unauthorised transfer of funds from the accounts of two former East German companies by their former CEO in the early 1990s. BvS claims damages of approximately €128 million, plus interest dating back to 1992, plus costs.

On 25 June 2008, the Zurich District Court in large part rejected BvS's claim. Both parties appealed the judgment. On 25 March 2010, the Court of Appeal of Zurich (*Obergericht*) granted BvS's appeal and ordered BA and its former subsidiary to pay approximately €230 million (calculated as of 30 March 2010).

BA and its former subsidiary filed an appeal before the Court of Cassation of the Zurich Canton and also requested, *inter alia*, a stay of execution. The stay was granted on 14 May 2010. On 30 November 2011, the Court of Cassation granting the appeal of BA, quashed the decision of the Court of Appeal of Zurich (*Obergericht*) of 25 March 2010 and remitted the matter back to the Court of Appeal of Zurich (*Obergericht*) for a new decision. On 20 March 2012 (decision served on 23 March 2012) the Court of

Appeal again granted the appeal of BvS and ordered BA's former subsidiary – which Bank Austria is obliged to indemnify – to pay approximately €247 million (including accrued interest and costs calculated as at 23 March 2012). BA is appealing against this judgment before the Swiss Federal Court.

On 1 February 2011, BA filed an application for the revision of the judgment of the Court of Appeal of Zurich (based on new facts in order to obtain the dismissal of BvS's claim and, in alternative, to reduce the amount claimed) with the Court of Appeal of Zurich. The Court has stayed this proceeding pending any final decision on the merits.

BA's former subsidiary is also taking steps in respect of the disputed matters against BvS in Germany. This includes filing claims against BvS in the German Courts.

A provision has been made for an amount consistent with the currently estimated risk of the lawsuit.

### **Association of Small Shareholders of NAMA d.d. in bankruptcy; Slobodni sindiKat**

Zagrebacka banka (ZABA) is being sued before the Zagreb Municipal Court by two parties: (i) the association of small shareholders of NAMA d.d. in bankruptcy; and (ii) Slobodni SindiKat. It is said that ZABA violated the rights of NAMA d.d., as minority shareholder of ZABA until 1994 by, *inter alia*, not distributing to NAMA d.d. profits in the form of ZABA shares.

The claimants seek shares in compensation or, alternatively, damages of approximately €124 million.

ZABA maintains that the claimants do not have legal standing in that they have never been ZABA shareholders, nor the holders of the rights allegedly violated.

On 16 November 2009, the judge rejected the claimants' claim, without dealing with the merits, on the basis that the claimants did not have standing. The decision has been appealed.

No provisions have been made.

### **GBS S.p.A.**

At the beginning of February 2008, General Broker Service S.p.A. (GBS S.p.A.) initiated arbitration proceedings against UniCredit S.p.A. for the alleged unlawful behaviour of the Bank with regards to the insurance brokerage relationship allegedly deriving from the exclusive agreement signed in 1991.

In a decision issued on 18 November 2009, UniCredit S.p.A. was ordered to pay GBS S.p.A. €144 million, as well as legal costs and the costs of an expert's report. UniCredit S.p.A. determined that the decision ordered by the arbitrator was unsound and groundless, and has lodged an appeal together with a request for a stay of execution.

On 8 July 2010 the Court granted a stay of execution in respect of amounts exceeding €10 million. UniCredit S.p.A. paid such amount in favour of GBS S.p.A., pending the outcome of the appeal. The next hearing is scheduled for 5 November 2013.

A provision has been made for an amount consistent with what currently appears to be the potential risk resulting from the award issued.

## **ADDITIONAL RELEVANT INFORMATION**

The following section sets out further pending proceedings against UniCredit S.p.A. and other companies of the UniCredit Group that UniCredit considers relevant and which, at present, are not characterised by known economic demand or for which the economic request cannot be quantified.

### **Proceedings arising out of the purchase of HVB by UniCredit SpA and the group reorganisation**

#### ***Voidance action challenging the transfer of shares of Bank Austria Creditanstalt AG (BA) held by HVB to UniCredit S.p.A. (Shareholders' Resolution of 25 October 2006)***

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting of 25 October 2006 approving various Sale and Purchase Agreements (SPA) transferring the shares held by HVB in BA and in HVB Bank Ukraine to UniCredit S.p.A. and the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA and the transfer of the Vilnius and Tallin branches to AS UniCredit Bank Riga, asking the Court to declare these resolutions null and void. The actions are based on purported defects in the formalities relating to the calling for and conduct of the Extraordinary Shareholders' Meeting held on 25 October 2006, and on the allegation that the sale

price for the shares was too low. In the course of this proceeding, certain shareholders asked the Regional Court of Munich to state that the BCA, entered into between HVB and UniCredit S.p.A., should be regarded as a *de facto* domination agreement.

In the judgment of 31 January 2008, the Court declared the resolutions passed at the Extraordinary Shareholders' Meeting of 25 October 2006 to be null and void for formal reasons. The Court did not express an opinion on the issue of the alleged inadequacy of the purchase price but expressed the opinion that the BCA entered into between UniCredit S.p.A. and HVB in June 2005 should have been submitted to HVB's Shareholders' Meeting as it represented a "concealed" domination agreement.

HVB filed an appeal against this judgment since it is believed that the provisions of the BCA would not actually be material with respect to the purchase and sale agreements submitted to the Extraordinary Shareholders' Meeting of 25 October 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

The HVB shareholder resolution could only become null and void when the Court's decision becomes final.

Moreover, it should be noted that, in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the Shareholders' Meeting held on 29 and 30 July 2008 to reconfirm the resolutions that were passed by the Extraordinary Shareholders' Meeting of 25 October 2006 and which were contested (so-called Confirmatory Resolutions). If these Confirmatory Resolutions became final and binding, they would make the alleged improprieties in the initial resolutions irrelevant.

The Shareholders' Meeting approved these Confirmatory Resolutions, which, however, were in turn challenged by several shareholders in August 2008. In February 2009, an additional resolution was adopted that confirmed the adopted resolutions.

In the judgment of 10 December 2009, the Court rejected the voidance action against the first Confirmatory Resolutions adopted on 29 and 30 July 2008. Appeals filed by several former shareholders against this judgment were rejected by Higher Regional Court (*Oberlandesgericht*) of Munich on 22 December 2010. The case is now pending before the German Federal Supreme Court (*Bundesgerichtshof*). A final judgment has not yet been issued.

In light of the above events, the appeal proceedings initiated by HVB against the judgment of 31 January 2008 were suspended until a final judgment is issued in relation to the Confirmatory Resolutions adopted by HVB's Shareholders' Meeting of 29 and 30 July 2008.

### **Squeeze-out of HVB minority shareholders (Appraisal Proceedings)**

Approximately 300 former minority shareholders of HVB filed a request to have a review of the price obtained in the squeeze-out (**Appraisal Proceedings**). The dispute mainly concerns profiles regarding the valuation of HVB. The first hearing took place on 15 April 2010. The proceedings are still pending and are expected to last for a number of years.

### **Squeeze-out of Bank Austria's minority shareholders**

After a settlement was reached on all legal challenges to the squeeze-out in Austria, the resolution passed by the BA shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders" holding the registered shares in BA) was recorded in the Vienna Commercial Register on 21 May 2008 and UniCredit S.p.A. became the owner of 99.995 per cent. of BA's share capital.

The minority shareholders received the squeeze-out payment of approximately €1,045 million including the related interest.

Several shareholders then initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).

At present the proceedings are pending before the Commercial Court of Vienna which appointed a panel, the so called Gremium, to investigate the facts of the case in order to review the adequacy of the cash compensation. This expert, employing six different methods, determined that adequate compensation would

have been in a range from an amount lower than that actually paid by UniCredit S.p.A. and an amount that is Euro 10 per share higher than that amount. UniCredit, considering the nature of the valuation methods employed, still believes that the amount paid to the minority shareholders was adequate. Nevertheless, it is not possible to predict how the Gremium will decide upon concluding its investigation.

Should the parties fail to reach an agreement, the Commercial Court will issue a decision, which could result in UniCredit having to pay a greater cash compensation.

In addition to the Court and the Gremium proceedings, a minority shareholder has initiated a parallel arbitration procedure before an arbitral tribunal. If the outcome of the arbitration is unfavourable for UniCredit S.p.A., it is possible that the Group could be negatively impacted.

### **Cirio and Parmalat criminal proceedings**

Between the end of 2003 and the beginning of 2004, criminal investigations of some former Capitalia group (now UniCredit Group) officers and managers were conducted in relation to the insolvency of the Cirio group. This resulted in certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.) being committed to trial.

Cirio S.p.A.'s extraordinary administration and several bondholders joined the criminal proceedings as civil complainants without quantifying the damages claimed. UniCredit S.p.A., also as the universal successor of UniCredit Banca di Roma S.p.A., was cited as "legally liable".

On 23 December 2010, UniCredit S.p.A. – without any admission of responsibility – proposed a settlement to approximately 2,000 bondholders.

In March 2011, Cirio S.p.A.'s extraordinary administration filed its conclusions against all defendants and against UniCredit S.p.A. as "legally liable" – all the defendants jointly and severally – requesting damages in an amount of €1.9 billion. UniCredit S.p.A. believes the request is groundless both in fact and law and the officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

Negotiations aimed at settling all Cirio related matters in their entirety have to date proved unsuccessful and, on 4 July 2011 the Court of Rome ordered UniCredit, together with the individuals involved, to pay the extraordinary administration €200 million as a provisional payment. The reasons for the Court's decision are yet to be released. An appeal will be considered once the reasons are known.

With regard to the insolvency of the Parmalat group, from the end of 2003 to the end of 2005, investigations were conducted against certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.), who had been committed for trial within the scope of three distinct criminal proceedings known as "Ciappazzi", "Parmatour" and "Eurolat".

Companies of the Parmalat group in extraordinary administration and numerous Parmalat bondholders are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials.

In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit Group have been cited as legally liable. Upon execution of the settlement of 1 August 2008 between UniCredit Group and Parmalat S.p.A., and as Parmalat group companies are in extraordinary administration, all civil charges were either waived or revoked.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

On 11 June 2010, UniCredit S.p.A. reached an agreement with the Association of Parmalat Bondholders of the Sanpaolo IMI group (the **Association**) aimed at settling, without any admission of responsibility, the civil claims brought against certain banks of the UniCredit Group by the approximately 32,000 Parmalat bondholders who are members of the Association. In October 2010 that agreement has been extended to the other bondholders who had joined the criminal proceedings as civil complainants (approximately 5,000).

On 4 October 2011 UniCredit S.p.A. reached a settlement agreement with the trustee of Cosal S.r.l.

On 29 November 2011 (Parmalat) and on 20 December 2011 (Parmatour) the Court of Parma issued a judgment ordering UniCredit, severally with other involved parties, a provisional payment, in favour of the bondholders and shareholders of Parmalat and Parmatour – civil complainants in the criminal proceedings – in an amount equal to 4 per cent. of the nominal value of the securities owned.

Taking into account the above mentioned transactions with bondholders in 2010, these decisions apply only to a limited number of investors.

For the Parmalat and Cirio cases provisions have been made for an amount consistent with what currently appears to be the potential risk of liability for UniCredit S.p.A. as legally liable.

### **Medienfonds**

Various customers bought shares in VIP Medienfonds 4 GmbH & Co. KG (**Medienfonds**). HVB did not sell shares in the fund, but granted loans to all private investors for a part of the amount invested in the fund; moreover, to collateralise the fund, HVB assumed specific payment obligations of certain film distributors with respect to the fund.

When certain expected tax benefits associated with this type of investment were revoked, many investors brought various kinds of legal proceedings against HVB and others. The investors argue that HVB did not disclose to them the risks of the tax treatment being revoked and assert that HVB, together with other parties, including the promoter of the fund, is responsible for the alleged errors in the prospectus used to market the fund. Additionally, some plaintiffs also invoke rights under German consumer protection laws. The courts of first and second instance have passed various sentences, of which several were unfavourable for HVB.

On 30 December 2011, the District Higher Court of Munich decided the issue relating to prospectus liability through a specific procedure pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*). The Court stated that the prospectus was incorrect concerning the description of tax risks, loss risk and the fund's forecast; the Court further holds HVB liable along with the promoter of Medienfonds for such errors. HVB filed an appeal to the Federal Court. Any final decision in this proceeding will affect only few pending cases since with the vast majority of the investors a general settlement has already been closed.

Aside from the civil proceedings, the fiscal courts have not yet issued a final decision as to whether the tax benefits were rightfully revoked in the first place.

HVB has made provisions which are, at present, deemed appropriate.

### **CODACONS Class actions**

With a petition served on 5 January 2010, CODACONS (Coordination of the associations for the defence of the environment and the protection of consumer rights), on behalf of one of its applicants, submitted a class action to the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) pursuant to article 140-bis of the Consumer Code (Legislative Decree no. 206 dated 6 September 2005). This action, which was brought for an amount of €1,250 (plus unspecified non-material damages), is based on the allegations of AGCM, according to which Italian banks would have compensated for the abolition of maximum overdraft commission by introducing new and more costly commissions for clients. The applicant asked the Court of Rome to allow the action specifying the criteria for being included in the class action and setting a period of not more than 120 days within which the parties may join the class action. If the Court considers the class action admissible, the amount requested could significantly increase based on the number of adhesions of current account holders of UniCredit Banca di Roma S.p.A. who consider that they have suffered damages as a result of the behaviour at issue.

Another class action – together with a request to join the two actions – was filed on 9 August 2010 by CODACONS on behalf of one of its members, before the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) based on the same claims and asking for an amount of €1,110 (including non-material damages). The only difference between the two actions is that this claimant had a credit current account.

The Court of Rome, in two separate decisions taken on 25 March 2011, granting UniCredit's the motions, rejected the request to join filed by CODACONS and dismissed the two class actions.

In July 2011, the CODACONS appealed both decisions and on 14 May 2012 the Court of Appeal of Rome confirmed the decision of the lower Court.

UniCredit S.p.A. believes it has consistently operated in compliance with the law in relation to its commission policy.

**Derivatives**

In Germany and Italy, there is a tendency for derivative contracts to be challenged most notably by non-institutional investors where those contracts are out of the money. This is affecting the financial sector generally and is not specific to UniCredit and its group companies. Due to the current uncertainty, it is impossible to assess the full impact of such challenges on the Group.

**Other Significant Events**

There has been increasing scrutiny of the financial institutions sector, especially by US authorities, with respect to combating money laundering and terrorist financing and enforcing compliance with economic sanctions. The US Treasury Department Office of Foreign Assets Control (OFAC) administers US laws and regulations in relation to US economic sanctions against designated foreign countries, nationals and others. A member of the UniCredit Group is currently responding to a third party witness subpoena from the New York County District Attorney's Office in connection with an on-going investigation regarding certain, persons and/or entities believed to have engaged in sanctionable conduct. The relevant UniCredit Group member also has disclosed to OFAC information that it has provided to the District Attorney's office and is involved in on-going discussions with these authorities and is cooperating fully. In addition, the relevant UniCredit Group member is also conducting an on-going internal review of the accounts and transactions that are the subject of the investigation. It is not possible at this time to predict the outcome of the on-going investigation, including the timing and any potential financial impact it may have upon the operating results of the Company in any future financial period.

**Client Proceeding related to German Tax Credits**

A client has filed claims against UCB AG with an amount in dispute of €124 million based on alleged incorrect advice and breach of duties relating to transactions in German equity securities. Such transactions were entered into by the client based on the expectation of receiving dividend withholding tax credits on dividends in relation to German equities which were traded around dividend dates. Pursuant to a tax audit of the client, the tax authorities have demanded payment from the client, who is primarily liable vis-à-vis the tax authorities, of the withholding tax credit previously granted to the client plus interest summing up to the amount in dispute. UCB AG understands that the client and its tax advisor are challenging the tax authorities' position. The client in his claim requests UCB AG to indemnify him against said and potential future payment obligations vis-à-vis the tax authorities with respect to the transactions. The client recently extended his claim asking for the release of collateral pledged to UCB AG. The tax authorities served upon UCB AG a secondary liability notice requesting payment of the tax credits previously granted to the client including interest summing up to €124 million on the basis of alleged issuer liability for tax certificates. UCB AG has challenged the notice. There is a risk that UCB AG could be held liable for damages to the client in the civil proceeding or to the tax authorities on the basis of the liability notice. In addition, UCB AG could be subject to interest claims in relation to this matter, as well as fines and profit claw backs, and/or criminal exposure. UCB meanwhile has taken certain legal steps under civil law which UCB and its advisers considered appropriate in order to protect its position in the context of the above-mentioned matters.

**LABOUR RELATED LITIGATION**

UniCredit and other Group companies are party to certain labour related litigation proceedings. The Group has made provisions to deal with any adverse outcomes and, in any event, UniCredit does not believe that any adverse outcome could significantly adversely affect the economic and/or financial condition of the Group.

**PROCEEDINGS RELATED TO TAX MATTERS****Proceedings Before Italian Tax Authorities**

At the date of this Prospectus, the following tax proceedings are pending at the Regional Tax Commission of Palermo: (i) challenge of a tax credit in the amount of approximately €25.6 million for corporate income tax (then called IRPEG) resulting from the annual tax return for the year 1984 of Cassa Centrale di Risparmio V.E. per le Province Siciliane (now Banco di Sicilia); (ii) challenge of a tax credit in the amount of approximately €21.1 million for corporate income tax resulting from the annual tax return for the year 1984

of Banco di Sicilia; and (iii) challenge of a tax credit in the amount of approximately €24.3 million resulting from the annual tax return for the year 1985 of Banco di Sicilia. The total value of the challenges, taking into account accrued and recorded interest, is approximately €174 million.

On 12 June 2007, the Regional Tax Commission of Palermo rejected the motions to dismiss by Banco di Sicilia. Banco di Sicilia filed appeals against the decision. Two of the appeal hearings were heard in front of the Regional Tax Commission and were decided in favour of Banco di Sicilia. The decisions were filed on 28 January 2010. The Financial Administration has filed appeals against these decisions to the Corte di Cassazione and, at the date of this Prospectus, the judgments are pending.

On 23 April 2010, a third appeal was heard in front of the same section of the Regional Tax Commission of Palermo. The appeal was resolved in favour of the Banco di Sicilia and the judgment was filed on 4 June 2010. As a result of a mistake in the filed version of the judgment, which stated a different value than that contained in the original version of the judgment, a special procedure to correct the mistake was required. An order for correction was published on 20 April 2011. The Financial Administration filed an appeal of the order with the Court of Cassazione on 6 July 2011. The appeal was decided in favour of the Banco di Sicilia and no provisions were made.

In addition on 5 January 2011, the Revenue Agency served UniCredit Leasing with a notice of assessment. The notice of assessment concerns IRAP and VAT taxes connected to certain real estate leasing operations carried out by UniCredit Leasing during the 2005 financial year.

The IRAP assessment equals €694,412 plus interest and penalties of €772,786. The VAT assessment equals €31,839,466 plus penalties of €70,866,012.50.

On 31 May 2011, UniCredit appealed the notice of assessment to the Regional Tax Commission of Bologna. Oral arguments have not yet been scheduled.

On 22 November 2011, UniCredit was notified of a tax assessment of €13,391,744.50. Having considered the potential risk, and in accordance with international accounting standards, UniCredit has not made provisions with respect to the above tax assessment.

### **Tax Audits and Other Investigations Relating to Structured Finance Transactions**

In the first half of 2009, the Milan Public Prosecutor's Office initiated investigations. The alleged crime is set out in Article 3 of Legislative Decree No. 74 of 10 March 2000 (**Fraudulent misrepresentation by other devices**).

At the end of December 2010, the Regional Revenue Agency Departments of Liguria, Emilia Romagna, Latium and Sicily issued various notices of assessment for IRES and IRAP taxes (on corporate income and regional income, respectively) against UniCredit (both individually and as the incorporating company of Capitalia, UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia) in relation to structured finance transactions completed in the 2005 tax year. With respect to UniCredit Banca, the Regional Revenue Agency Department of Emilia Romagna issued notices of assessment against UniCredit for the 2004 tax year. The overall assessed amount of the above notices was €614.2 million, of which €136.3 million related to the 2004 tax year.

All the above banks carried out a transaction denominated in Turkish lira called "DB Vantage", which consisted of a repo transaction with an underlying bond issued by a British company of the Deutsche Bank group. In addition, in 2004 and 2005, UniCredit Banca carried out a repo transaction on the securities of a New Zealand company belonging to the Deutsche Bank group. Although, in the Company's view, these transactions generated higher profits for the banks compared to investments of a similar nature, UniCredit maintains that such transactions were carried out in the course of ordinary treasury operations and were not carried out for tax purposes.

All of the above notices of assessment alleged that the Group banks were "abusing rights". UniCredit Banca challenged the notices of assessment for IRES and IRAP taxes for the 2004 tax year. In May 2011, the Revenue Agency reduced the sanction for IRES tax from €82.8 million to €41.4 million. The total assessment thereafter was equal to €94.9 million. In addition, the act through which sanctions were imposed was challenged and the proceedings are pending before the Provincial Tax Court of Bologna.

With respect to the 2005 fiscal year, UniCredit paid €106.4 million (comprehensive of tax, interest and penalties) to settle the total assessment of €479 million.

On 1 March 2011, the Italian tax police commenced a tax investigation of structured finance transactions carried out by the above Group banks in the 2006, 2007, 2008 and 2009 tax years. Following that investigation, on 21 June 2011, the Italian finance police notified UniCredit of its findings (Processi Verbali di Constatazione – hereinafter the PVC) relating to UniCredit (both individually and as the incorporating company of Capitalia, UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia) and to UniCredit Corporate Banking concerning certain structured finance transactions, including the “Brontos” transaction, which consisted of a repo transaction, denominated in Turkish lira, between Barclays Plc and the above Group banks with underlying financial instruments issued by a Luxembourg company wholly owned by the Barclays group.

The PVC imposed taxes of €444.6 million, of which €269 million related to the Brontos transaction and €175.6 million related to other structured finance transactions carried out between 2006 and 2008.

On 18 October 2011, UniCredit was notified of a provisional seizure order (pursuant to art. 321, second paragraph, of the Italian code of criminal procedure) over €245,956,118.49 from UniCredit’s accounts at the Bank of Italy, Milan branch. UniCredit requested a review of the seizure order and the related hearing was held on 22 November 2011.

On 28 November 2011, the Milan Court of Review cancelled the provisional seizure order and released UniCredit’s accounts at the Bank of Italy.

On 29 December 2011, the Milan Public Prosecutor appealed the 28 November 2011 decision of the Court of Review, which annulled the prior seizure of €245,956,118.49 from UniCredit’s accounts at the Bank of Italy, Milan Branch, to the Court of Cassation. The hearing will take place on 19 September 2012.

On 27 October 2011, the persons being investigated and their lawyers received notice that the investigation had been concluded.

In respect of the 2006 tax year, UniCredit was invited to a settlement on 6 December 2011. On 7 December 2011, UniCredit paid for the settlement of all the tax issues raised for such year in the amount of €85,513,500, of which €67,302,103 related to taxes and €18,211,397 related to penalties and interest. The tax and penalties amount was covered in full by a specific provision.

In respect of the Brontos transaction UniCredit posted a suitable provision in the year-end accounts.

On 5 June 2012, the GUP of Milan (Judge for the Preliminary Hearing ) decided to start an official trial for UniCredit and Barclays people formerly investigated. The trial will start on 1 October 2012.

On 13 June 2012 two new tax audits were started. One in respect of Unicredit Leasing S.p.A. related to the 2009 fiscal year and one in respect of Unicredit Real Estate S.c.p.A. always in respect of the fiscal year 2009. UniCredit Real Estate ScpA was merged by UniCredit with effect from 1 January 2012. The outcome of the tax audits cannot be predicted at this stage.

### **Tax Proceedings in Germany**

UCB AG is currently subject to tax audits in Germany for the fiscal years 2002 through 2004, which are close to being finalised, and for the fiscal years 2005 through 2008. UniCredit believes that adequate tax provisions have been accrued.

In addition, UCB AG has notified the Munich tax authorities of the possibility of certain proprietary trading of UCB AG undertaken close to dividend dates and related withholding tax credits claimed by UCB AG. In this context, and in parallel, the Supervisory Board of UCB AG has commissioned external advisors to conduct an audit of such matters. This audit is fully supported by UniCredit.

Given that UCB AG has proactively disclosed this matter to the Munich tax authorities, UCB AG expects that the German Central Federal Tax Authority (*Bundeszentralamt für Steuern*) and the Munich tax authorities are likely to examine such transactions. Although German tax authorities have recently denied withholding tax credits in certain types of trades undertaken near dividend dates, there is no clear guidance from the highest German tax court on the tax treatment of such transactions. At this time, the impact of any review by the Federal Tax Authority and Munich tax authorities is unknown. Because the audit

commissioned by the Supervisory Board is at a very early stage, it is not possible at this time to predict the outcome, including timing for any findings.

In relation to the above-described securities transactions, UCB AG could be subject to substantial tax and interest claims in relation to these matters, as well as fines and profit claw backs, and/or criminal exposure.

UCB AG is in communication with its relevant regulators regarding this matter.

Regarding the potential liability of UCB AG to the tax authorities for repayment of certain withholding tax credits granted to a client, see “*Client Proceeding Related to German Tax Credits*”.

### PROCEEDINGS RELATED TO ACTIONS BY THE REGULATORY AUTHORITIES

#### Italy

The UniCredit Group is subject to a significant degree of regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank and the European system of Central Banks, as well as other local regulators. As a consequence, the UniCredit Group is subject to normal supervisory activities by the relevant authorities. Some of these ordinary course supervisory activities have resulted in investigations and alleged irregularities, which are still pending as of the date of this Prospectus. In such circumstances, the UniCredit Group has endeavoured to demonstrate the correctness of its conduct. The UniCredit Group believes these investigations will not have material adverse effects on its business.

In particular, during recent years, some Group companies<sup>11</sup>, including UniCredit, have been subject to inspections by CONSOB concerning Cirio bonds, sovereign bonds issued by the Republic of Argentina and certain operations with derivative financial instruments. Following the completion of such inspections and reviews, CONSOB commenced certain administrative proceedings against managers of the banks involved.

Some of these proceedings regarding the alleged failure to comply with regulations and internal procedures concerning investment services are still pending. The UniCredit Group has acted to demonstrate the correctness of the actions by the companies and managers involved. In some of these cases, however, the proceedings have led to fines against managers, some of whom also hold offices at UniCredit, who are jointly and severally responsible together with the banks involved<sup>12</sup>.

In 2008, CONSOB investigated certain Group companies for their role as placement manager and sponsor in connection with the offer and listing of shares in an Italian company. The Group defended their actions and disputed the facts. However, the proceeding, which resulted in the imposition of a pecuniary administrative penalty against an employee of the Group, is still pending. In December 2010, CONSOB imposed pecuniary administrative sanctions against certain executives of a Group company as well as that company itself<sup>13</sup>.

Since 2008, the Bank of Italy began investigating the following: derivatives; internal audit structures; retail loan management; liquidity management (in cooperation with the OeNB and BaFin); business continuity; anti-money laundering; corporate credit risk; leasing activities and supervisory notifications. Upon discovering irregularities in the latter, Bank of Italy imposed pecuniary administrative penalties against some of the Group’s corporate representatives<sup>14</sup>.

In light of the above investigations, the Group implemented corrective measures intended to overcome any negative findings. The action plans prepared by the Group to correct such negative findings have been substantially in compliance with applicable deadlines. The action plans are monitored by managers with certain corporate or control functions and periodically brought to the attention of the supervisory authority.

<sup>11</sup> Some of which have been incorporated into UniCredit as of 1 November 2010.

<sup>12</sup> Such representatives include the Vice Chairman of the Board of Directors, Fabrizio Palenzona (as director of a company controlled by UniCredit), the Statutory Auditor Vincenzo Nicastro (as statutory auditor of a company controlled by UniCredit), the Statutory Auditor Michael Rutigliano (as Chairman of the Board of Auditors and standing auditor at two companies controlled by UniCredit) and the Executive with Strategic Responsibility, Roberto Nicastro (acting as a member of the Board of Directors of a UniCredit subsidiary), received pecuniary administrative sanctions by CONSOB for €12,300, €16,200, €36,200 and €11,700, respectively.

<sup>13</sup> Such representatives include the Director Donato Fontanesi (as member of the Board of Directors of a company controlled by UniCredit), that received pecuniary administrative sanctions by CONSOB for €18,400.

<sup>14</sup> These sanctions involved, in particular, managers with Strategic Responsibilities: Ranieri De Marchis for €28,000; Marina Natale for €18,000; and Nadine Farida Faruque for €14,000.

During the second half of 2011, the Bank of Italy carried out an inspection aimed at assessing the governance, management and control of credit risk, focusing on the small business segment. The answering process to the related outcomes is currently ongoing.

From January to May 2012, the Bank of Italy carried out an inspection aimed at evaluating governance, management and control of liquidity risks and interest rate at consolidated level. The related outcomes are expected within the third quarter 2012. Furthermore, in April 2012, the Bank of Italy has begun another inspection focused on the adequacy of information systems and back office processes.

In August 2008, the AGCM sanctioned UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia and Bipop Carire S.p.A. (now incorporated in UniCredit) for allegedly engaging in unfair trade practices with respect to the transferability of loans. The Group companies appealed those sanctions. In December 2010, the Italian Council of State (*Consiglio di Stato*) ruled in favour of the Group companies and overturned the sanctions.

In December 2008, the AGCM, sanctioned UniCredit Banca (now UniCredit) for approximately €1.5 million for having entered allegedly harmful competition agreements, dating back to 1996, relating to the management of the cash flows of INAIL, the Italian workers compensation authority. While the company appealed the sanctions, the proceedings are still pending.

In July 2009, the AGCM initiated an investigation to ascertain if UniCredit, together with MasterCard(tm) and other banks<sup>15</sup>, have entered into agreements that restrict competition in the credit card industry. In November 2010, the AGCM imposed pecuniary administrative penalties<sup>16</sup> against UniCredit and other banks for anti-competition violations relating to credit cards. UniCredit and the other banks appealed the penalties to the regional court of Lazio, which in July 2011 overturned the penalties. In November 2011, the AGCM appealed to the Italian Council of State against the above judgment of the regional court of Lazio; the appeal is pending.

In July 2009, the AGCM reopened an investigation into UniCredit Banca di Roma (now UniCredit) over allegedly unfair trade practices in connection with, among other things, the calculation of commissions derived from current accounts based on customer-provided information. The suspect company had previously been the target of a prior December 2008 investigation that failed to materialise any proof of wrongdoing. The investigation was reopened as regulations concerning maximum allowable overdraft fees were adopted pursuant to Law Decree No. 185 of 29 November 2008 as converted into Law 2 of 28 January 2009. However, on 22 December 2009, the AGCM ended its investigation, providing only a general report on the economic impacts of the new law to the Italian Parliament, Government and the Bank of Italy.

In December 2009, the AGCM commenced proceedings against UniCredit Banca di Roma (now UniCredit) alleging unfair trade practices with respect to mortgage forgiveness. The AGCM subsequently added UniCredit Family Financing Bank (now UniCredit) to the proceedings. In May 2010, pecuniary administrative sanctions of €150,000 were imposed against only UniCredit Banca di Roma, which appealed to the regional court. The proceedings are still pending.

In February 2010, the AGCM commenced proceedings against UniCredit Banca di Roma (now UniCredit) alleging unfair trade practices with respect to the closing of bank accounts. In July 2010, penalties of €50,000 were imposed. Thereafter, UniCredit Banca di Roma appealed to the regional court. The proceedings are still pending.

In April 2010, the AGCM commenced proceedings against a Group company, FinecoBank, alleging unfair trade practices with respect to internet advertising. In August 2010, pecuniary administrative penalties of €140,000 were imposed. Thereafter, FinecoBank appealed to the regional court. The proceedings are still pending.

In August 2011, the AGCM commenced proceedings against and requested related information from UniCredit and another Group company, Family Credit Network S.p.A., alleging unfair trade practices in connection with an advertisement offering funding. In September 2011, UniCredit and Family Credit Network S.p.A. responded to the AGCM's information requests. The AGCM issued sanctions of €70,000

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<sup>15</sup> Particularly, Banca Monte dei Paschi di Siena S.p.A., Banca Nazionale del Lavoro S.p.A., Banca Sella Holding S.p.A., Barclays Bank plc, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and Istituto Centrale delle Banche Popolari Italiane S.p.A.

<sup>16</sup> The total amount of sanctions was €6,030,00 of which €380,000 applied to UniCredit.

and €50,000 against UniCredit and Family Credit Network S.p.A., respectively. Thereafter UniCredit and Family Credit Network S.p.A. appealed to the regional court. The proceedings are still pending.

### Germany

Various regulators that exercise oversight of UCB AG's operations, including the German Central Bank, BaFin and the FSA, have conducted audits and/or reviews of UCB AG's risk management and internal control systems, and highlighted concerns (which were also the subject of additional internal and external UCB AG audits) about the extent to which such systems are fully compliant with applicable legal and regulatory requirements in Germany. At the beginning of 2010, UCB AG began a comprehensive programme to address those risks that it deemed to be material, and continues to work in strict coordination with external Auditors and respective Group functions to rectify the concerns raised and to ensure that Group-wide risk management policies are deployed in accordance with UniCredit policy. In addition, as a result of discussions with BaFin regarding these matters, and after informing the Bank of Italy, UniCredit and UCB AG have undertaken to maintain within UCB AG a minimum solvency ratio that exceeds the statutory minimum required in order to address BaFin's concern that there be sufficient capital within UCB AG to absorb any losses that could result from shortcomings in its risk management policies, until such shortcomings are addressed to BaFin's satisfaction. Progress on actions undertaken have been, and will continue to be, regularly reported by UCB AG to both UniCredit and to the relevant regulators, including the Bank of Italy and BaFin. Furthermore, in April and May 2012 BaFin initiated two on-site audits on IT systems and outsourcing.

### Poland

In the course of its business activity, Bank Pekao is subject to various inspections, controls and investigations or explanatory proceedings carried out by different regulatory authorities, including, in particular: (i) the Polish Financial Supervision Authority (PFSA), (ii) the anti-trust authority (UOKiK) within the scope of the protection of market competition and consumers' collective rights, (iii) the relevant authority for the supervision of personal data protection (GIODO), and (iv) the relevant authorities for preventing and combating money-laundering and the financing of terrorism.

The PFSA conducts on a regular basis periodical audits with respect to the entire activity and financial condition of the bank. The most recent general audit took place in 2008. The PFSA discovered certain irregularities in Bank Pekao's operations relating to, among other things, credit, liquidity, market and operational risk management as well as certain infringements of specific provisions of Polish law and Bank Pekao's internal regulations. The PFSA issued specific recommendations for Bank Pekao but no fines were imposed on the bank. Bank Pekao prepared the schedule for the implementation of these recommendations and periodically reported to the PFSA on their fulfilment. The recommendations have already been implemented according to the presented schedule.

At the end of 2010, the PFSA conducted an extensive issue-oriented inspection that covered, in particular, the following: (i) the implementation of selected post-inspection recommendations resulting from the general audit in 2008, (ii) the monitoring of risks relating to investment in Bank Pekao's Ukrainian subsidiary, (iii) the functioning of Bank Pekao's Business Continuity Plan, and (iv) the outsourcing of IT and e-banking services to foreign entrepreneurs by Bank Pekao. During the inspection certain irregularities were discovered and specific recommendations were issued; however, neither fines or other penalties were imposed against Bank Pekao. Bank Pekao prepared the schedule for the implementation of these recommendations and periodically reported to the PFSA on their implementation. The recommendations have already been implemented according to the presented schedule.

Between 2007 and 2011, the PFSA conducted other regulatory inspections focusing on specific issues, in particular: (i) the activity related to the custody of assets of certain open pension funds and employer pension funds, (ii) the compliance with the regulations on preventing and combating money-laundering and the financing of terrorism, (iii) the activity of Bank Pekao's brokerage house, (iv) the management of personal data in relation to brokerage activities and the management of guaranteed accounts, (v) deposit taking and (vi) other control procedures. As a result of these inspections, the PFSA issued certain recommendations which were followed by the bank.

Over the past five years, other regulatory proceedings were also initiated, including:

- anti-trust proceedings against operators of Visa™ and Europay™ systems and Polish banks issuing Visa™ and MasterCard™ credit cards in relation to the use of alleged anti-competitive practices that influenced the Polish payment card market. The UOKiK ruled that such practices restricted the competition on the relevant market, ordered the banks to refrain from these practices and imposed sanctions. The sanctions imposed on Bank Pekao amounted to approximately PLN 16.6 million (approximately €3.7 million). Bank Pekao appealed the UOKiK's decision. On 12 November 2008, the Antimonopoly Court withdrew the UOKiK's sentence. The UOKiK then filed an appeal against the Antimonopoly Court's decision. On 22 April 2010, the Court of Appeal reversed the decision of the Antimonopoly Court and transferred the case to the Antimonopoly Court for re-examination. On 8 May 2012 the Antimonopoly Court suspended the proceedings until the final resolution of the matter constituted in MasterCard's appeal against the European Commission's decision of 19 December 2007. Bank Pekao filed a complaint against the decision on suspending proceedings;
- an explanatory investigation by the UOKiK regarding the compliance with the consumers' law of the cash loan agreement models applied by Bank Pekao. In 2010, the UOKiK fined Bank Pekao. The fine imposed was PLN 1.9 million (approximately €500,000). In January 2011, Bank Pekao appealed to the Antimonopoly Court. The proceedings are pending; and
- proceedings against UniCredit CAIB Securities UK Limited (**UniCredit CAIB**), now a subsidiary of UCB AG, regarding the publication of research reports with a "target price" of zero. In 2011, the PFSA fined UniCredit CAIB. The fine was PLN 500 thousand (approximately €125,000). Notwithstanding the appeal of UniCredit CAIB in February 2012 the PFSA upheld the fine.

### **Austria**

As a licensed credit institution, Bank Austria is subject to the Austrian banking act (Bankwesengesetz – **BWG**) and hence, to the detailed regulation of and supervision by the Austrian financial market authority (Finanzmarktaufsicht – **FMA**) and the Oesterreichische Nationalbank (**OeNB**).

OeNB and FMA conducted a review focusing on liquidity risk management of Bank Austria from February to May 2009 as part of a joint review process of regulators on the UniCredit Group. A report was issued with regard to UniCredit Group (including, among others, Bank Austria) finding several insufficient liquidity risk management procedures and policies.

In 2010, OeNB and FMA jointly audited the credit portfolio of BA and certain of its subsidiaries in CEE countries and found several of the then applicable risk management and risk control mechanisms regarding credit risk in the CEE countries to be insufficient. As a result, OeNB and FMA concluded, in their audit report, that comprehensive credit risk management of the overall BA Group was not possible.

To address the deficiencies set out in the regulator's report, BA drew up, and is currently in the process of implementing, an action plan, which is expected to be completed by the end of 2012. The success of the action plan at systematically reducing the deficiencies is being monitored by the management board and the supervisory board of BA on a regular basis and by the FMA on the basis of quarterly reports prepared by BA.

### **CEE countries**

Other Group companies operating in the CEE countries are subject to regular oversight activities, including inspections, audits and investigations or other fact-finding proceedings, by local regulatory authorities. These authorities carry out their activities with varying frequencies and methods, depending, among other things, on the country and the financial condition of Group company. As a result, local regulatory authorities may require Group companies to adopt certain organisational measures and/or impose sanctions or fines.

UniCredit, its subsidiaries and entities in which it has an investment are subject to scrutiny by competition authorities from time to time. Currently, there are investigations underway in Hungary (UniCredit Bank Hungary Zrt) and Turkey (Yapi ve Kredi Bankasi A.S.).

### **UK**

Both UniCredit S.p.A. and UCB AG branches are subject to the supervision of the FSA.

In 2010, the FSA audited the London branches of UniCredit and UCB AG in connection with their investment banking activities. The FSA found irregularities in the reporting and control activities of UCB AG

and imposed operating limits subject to UCB AG's successful remediation of those irregularities. UCB AG has since adopted an action plan aimed to remedy those irregularities and share monitoring and regulating responsibilities with UniCredit. The irregularities have now been remedied and FSA has announced a second audit for Q2/2012 to validate the result. In 2010, the FSA imposed a penalty of GBP 630 thousand against a "special purpose vehicle" formed by UCB AG for violating principles and rules relating to mortgages issued by the FSA.

## **CORPORATE OBJECTS**

The purpose of UniCredit, as set out in Clause 4 of its Articles of Association, is to engage in deposit-taking and lending in its various forms, in Italy and abroad, operating wherever in accordance with prevailing norms and practice, and to execute all permitted transactions and services of a banking and financial nature. In order to achieve its corporate purpose, UniCredit may engage in any activity that is instrumental or in any case related to its banking and financial activities, including the issue of bonds and the acquisition of shareholding in Italy and abroad.

## **MAJOR SHAREHOLDERS**

As at 11 May 2012 UniCredit's share capital, fully subscribed and paid-up, amounted to €19,647,948,525.10 and was divided into 5,789,536,030 shares without a nominal value, including 5,787,112,132 ordinary shares and 2,423,898 savings shares. UniCredit's ordinary shares are listed on the Italian, German and Polish regulated markets. The shares traded on these markets have the same characteristics and confer the same rights on the holder. UniCredit's savings shares (shares without voting rights and with preferential economic rights) are only listed on the Italian regulated market.

As at 11 May 2012, the following shareholders held directly or indirectly more than 2 per cent. of UniCredit's ordinary shares:

| Shareholders                                                                                                      | Ordinary Shares | %*     |
|-------------------------------------------------------------------------------------------------------------------|-----------------|--------|
| Aabar Luxembourg Sarl.....                                                                                        | 376,200,000     | 6.501% |
| Central Bank of Libya Group** .....                                                                               | 96,142,187      | 4.988% |
| Fondazione Cassa di Risparmio di Torino, Via XX Settembre, 31, Torino, Italy.....                                 | 223,133,906     | 3.856% |
| Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona,<br>Via Forti Achille, 3/A, Verona, Italy .....   | 204,508,472     | 3.534% |
| BlackRock Inc .....                                                                                               | 179,790,123     | 3.106% |
| Carimonte Holding S.p.A., Via Indipendenza, 11, Bologna, Italy .....                                              | 174,363,205     | 3.013% |
| Capital Research and Management Company .....                                                                     | 158,097,471     | 2.732% |
| (of which with right of vote on behalf of EuropeanPacific Growth Fund<br>for discretionary asset management)..... | 127,901,060     | 2.210% |
| Gruppo Allianz .....                                                                                              | 116,650,786     | 2.016% |

\* As a percentage of ordinary capital.

\*\* The share ownership and related percentage are provided by reference to the amount of ordinary capital preceding the increase in capital closed on 6 February 2012, pending possible communications from the shareholders concerned.

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

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

## **MATERIAL CONTRACTS**

UniCredit has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes or the Guarantee.

## MANAGEMENT OF UNICREDIT

### Board of Directors

The board of directors (the **Board** or the **Board of Directors**) is responsible for the strategic supervision and the management of UniCredit and the Group and it may delegate its powers to the General Manager and other Board members.

The Board is elected by UniCredit's 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's by-laws, the Board is composed of between a minimum of nine and a maximum of twenty-four Directors.

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 11 May 2012 for a term of three financial years and is composed of 19 members. The term of 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 2014.

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 Managing Director 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 Federico Ghizzoni as Managing Director.

The following table sets forth the current members of UniCredit's Board of Directors:

| Name                                       | Position             |
|--------------------------------------------|----------------------|
| Giuseppe Vita <sup>(1)</sup>               | Chairman             |
| Candido Fois <sup>(1)</sup>                | Deputy Vice Chairman |
| Khadem Abdulla Al Qubaisi <sup>(2)</sup>   | Vice Chairman        |
| Vincenzo Calandra Buonauro <sup>(1)</sup>  | Vice Chairman        |
| Fabrizio Palenzona <sup>(1)</sup>          | Vice Chairman        |
| Federico Ghizzoni <sup>(1-3)</sup>         | CEO                  |
| Manfred Bischoff <sup>(2)</sup>            | Director             |
| Henryka Bochniarz <sup>(2)</sup>           | Director             |
| Alessandro Caltagirone <sup>(2)</sup>      | Director             |
| Luca Cordero di Montezemolo <sup>(2)</sup> | Director             |
| Francesco Giacomini <sup>(1)</sup>         | Director             |
| Helga Jung <sup>(1-3)</sup>                | Director             |
| Friedrich Kadrnoska <sup>(2)</sup>         | Director             |
| Marianna Li Calzi <sup>(2)</sup>           | Director             |
| Luigi Maramotti <sup>(2)</sup>             | Director             |
| Antonio Maria Marocco <sup>(2)</sup>       | Director             |
| Lucrezia Reichlin <sup>(2)</sup>           | Director             |
| Lorenzo Sassoli de Bianchi <sup>(2)</sup>  | Director             |
| Anthony Wyand <sup>(2)</sup>               | Director             |

<sup>(1)</sup> Director does not meet independence requirements pursuant to Section 3 of the Corporate Governance Code.

<sup>(2)</sup> Director meets independence requirements pursuant to Section 148 of the Italian Banking Act and Section 3 of the Corporate Governance Code.

<sup>(3)</sup> Director does not meet independence requirements pursuant to Section 148 of the Italian Banking Act.

The business address for each of the foregoing Directors is UniCredit S.p.A., Head Office, Milan, Italy.

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 Committee of Axel Springer AG
- Member of the Board of Director of RCS MediaGroup S.p.A.
- Honorary Chairman of Deutsche Bank S.p.A.
- Member of the Board of Directors of Fondazione Cerba
- Member of the Board of Directors of IEO – Istituto Europeo di Oncologia
- Member of the Board of Directors of Fondazione IEO

#### Candido Fois:

- Chairman of the Board of Unicredit Credit Management Bank S.p.A.
- Member of the Board of Directors of A.B.I. – Italian Banking Association

- Member of the Board of Telecom Italia Media S.p.A.
- Member of the Supervisory Board of Bank of Austria
- Chairman of the Board of Faeda S.p.A.

### **Khadem Abdualla Al Qubaisi:**

- Board Member and Managing Director of International Petroleum Investment Company (IPIC)
- Chairman of Nova Chemicals
- Chairman of Borealis AG
- Chairman of Compañía Española de Petróleos (CEPSA)
- Chairman of Aabar Investments PJS
- Chairman of Aabar Properties
- Board Member of ChemaWEyaat
- Board Member of Emirates Investment Authority
- Chairman of First Energy Bank
- Chairman of Takaful
- Chairman of Arabtec

### **Vincenzo Calandra Buonauro:**

- Member of the Board of Directors of A.B.I. – Italian Banking Association

### **Fabrizio Palenzona:**

- Chairman of Gemina S.p.A.
- Chairman of Assaeroporti S.p.A. – Associazione Italiana Gestori Aeroporti
- Chairman of ADR S.p.A.
- Chairman of FAISERVICE SCARL
- Chairman of AISCAT (Italian Association of Toll Motorways and Tunnels Operators)
- Chairman of Impregilo S.p.A.
- 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”

### **Federico Ghizzoni:**

- Chairman of the Supervisory Board of UniCredit Bank A.G., Munich
- Member of the Board of Directors and the Executive Committee of A.B.I. – Italian Banking Association
- Chairman of Associazione Filarmonica della Scala
- Member of the Steering Committee of the Stockholders’ Agreement of Mediobanca S.p.A.
- Member of the Council for the United States and Italy
- Member of IIEB Institute International d’Etudes Bancaires – Brussels
- Member of IMC International Monetary Conference (Washington)
- Member of the EFR European Financial Services Round Table – Brussels
- Member of the Board of Directors of Institute of International Finance, Washington

### **Manfred Bischoff:**

- Chairman of the Supervisory Board of Daimler AG
- Member of the Supervisory Board of Royal KPN N.V.
- Chairman of the Supervisory Board of SMS GmbH
- Chairman of the Supervisory Board of Voith GmbH

### **Henryka Bochniarz:**

- President, Boeing Central & Eastern Europe
- President, Polish Confederation of Private Employers Lewiatan
- Vice President, BUSINESSEUROPE
- Deputy Chair, Tripartite Committee for Social and Economic Affairs
- Member of the Enterprise and Industry Advisory Group
- Member of Supervisory Board, Telekomunikacja Polska SA
- Member of Supervisory Board, AVIVA SA
- Member of the International Advisory Board, Kozminski University
- Co-founder of the Congress of Women and the Congress of Women Association
- Chairperson of the joint Polish-Japanese Economic Committee
- Member of the Board of Trustees, Polish National Museum
- Vice President, The Stanislaw Ignacy Witkiewicz Art Foundation

**Alessandro Caltagirone:**

- Member of the Board of Directors and of the Executive Committee of Vianini Lavori S.p.A.
- Chief Executive of Vianini Ingegneria S.p.A.
- Chairman of the Board of Directors of Vianini Industria S.p.A.
- Member of the Board of Directors of Il Messaggero S.p.A.
- Member of the Board of Directors of Cementir Holding S.p.A.
- Member of the Board of Directors of Caltagirone S.p.A.
- Member of the Board of Directors of Caltagirone Editore S.p.A.
- Member of the Board of Directors of Il Gazzettino S.p.A.
- Member of the Investments Committee of Fabrica Immobiliare SGR S.p.A.
- Member of “Zoning Commission & Territory” of ANCE Associazione Nazionale Costruttori Edili
- Vice President of UIR – Unione degli Industriali di Roma
- Chairman of the Board of Directors of FCG S.p.A.
- Chairman of the Board of Directors of Finanziaria Italia 2005 S.p.A.
- Chairman of the Board of Directors of Fincal S.p.A.
- Chairman of the Board of Directors of Romana Partecipazioni 2005 S.r.l.
- Chairman of the Board of Directors of Ical S.p.A.
- Chief Executive of Immobiliare Ara Coeli S.r.l.
- Chief Executive of Alca 1969 S.r.l.
- Chief Executive of Ced 2008 S.r.l.
- Chief Executive of Corso 2009 S.r.l.
- Chief Executive of Euclide 2000 S.r.l.
- Member of the Board of Directors of Finanziaria Italia S.p.A.
- Member of the Board of Directors of Cimentas A.S.

**Luca Cordero di Montezemolo:**

- Chairman of Ferrari S.p.A.
- Chairman of Nuovo Trasporto Viaggiatori S.p.A.
- Chairman of MDP Holding Uno S.r.l.
- Chairman of MDP Holding Due S.r.l.
- Chairman of MDP Holding Tre S.r.l.
- Chairman of MDP Holding Quattro S.r.l.
- Chairman of Telethon Comitato e Fondazione
- Chairman of Charme Management S.r.l.
- Member of the Board of Directors of Editrice La Stampa
- Member of the Board of Directors of Tod's S.p.A.
- Member of the Board of Directors of PPR
- Member of the Board of Directors of FIAT
- Member of the Board of Directors of Poltrona Frau S.p.A.
- Member of the Board of Directors of Montezemolo & Partners SGR
- Member of the Board of Directors of Octo Telematics S.p.A.
- Member of the Board of Directors of Dekta Topco

**Francesco Giacomini:**

- Chairman of “La Fornace dell’innovazione” Foundation
- Chairman of Industrial Park AD – Sofia
- Member of Commissione Amministratrice of the Fondo di Previdenza “G. Caccianiga”
- Member of the Board of Directors of ABI – Italian Banking Association
- Director of I Tigli 2 Società Cooperativa Onlus
- Secretary to Confartigianato Treviso
- Director of Ente Bilaterale Artigianato Veneto

**Helga Jung:**

- Member of the Management Board of Allianz SE
- Non-Executive Member of the Board of Directors of Companhia de Seguros Allianz Portugal S.A.
- Member of the Board of Director of Allianz Seguros, Spain

**Friedrich Kadrnoska:**

- Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten
- Chairman of the Supervisory Board of Wienerberger AG
- Chairman of the Supervisory Board of Österreichisches Verkehrsbüro AG
- Vice-Chairman of the Supervisory Board of Allgemeine Baugesellschaft – A. Porr AG
- Member of the Board of Directors of Wiener Privatbank SE
- Chairman of the Supervisory Board of CEESEG AG
- Member of the Supervisory Board of Card complete Service Bank AG
- Chairman of the Supervisory Board of Wiener Börse AG
- Partner of A&I Beteiligung und Management GmbH

**Marianna Li Calzi:**

- Member of the Board of Directors of Civita Sicilia S.r.l.

**Luigi Maramotti:**

- Member of the Board of Directors of Cofimar S.r.l.
- Chairman of Diffusione Tessile S.r.l.
- Sole Director of Dartora S.r.l.
- Chairman of Fintorlonia S.p.A.
- Chairman of Imax S.r.l.
- Chairman of Istituto Immobiliare Italiano del Nord S.p.A.
- Vice Chairman of Manifatture del Nord S.r.l.
- Vice Chairman of Marella S.r.l.
- Vice Chairman of Marina Rinaldi S.r.l.
- Chairman of Max Mara S.r.l.
- Vice Chairman of Max Mara Fashion Group S.r.l.
- Vice Chairman of Max Mara Finance S.r.l.
- Chairman of Maxima S.r.l.
- Chairman of Finca y Comercio de Gratia S.A.
- Member of the Board of Directors of Max Mara Japan Co. Ltd
- Chairman of Max Mara Hosiery S.r.l.
- Chairman of Max Mara USA Inc.
- Chairman of Max Mara USA Retail Inc.
- Partner of Cams S.r.l.
- Member of the Board of Directors of Madonna dell’Uliveto Soc. Coop.

**Antonio Maria Marocco:**

- Member of the Board of Directors of Reale Immobili S.p.A.
- Member of the *Consiglio di Sorveglianza* of IOR – Istituto per le Opere di Religione Vaticano
- Member of the Board of Directors of Editrice La Stampa S.p.A.

**Lucrezia Reichlin:**

- Full Professor of Department of Economics, London Business School
- CoFounder and Director of Now Casting Economics Ltd
- Member of the Scientific Board of over ten international institutions, including universities and banks; various editorial activities on international journals; member of the assessment panel of research projects on social sciences financed by the European Union (ERC); “Fellow” at the Centre for European Policy Research, London; “Fellow” of the European Economic Association

**Lorenzo Sassoli de Bianchi:**

- Chairman of Valsoia S.p.A.
- President of U.P.A. (Utenti Pubblicità Associati)
- President of MAMbo (Museum of Modern Art Bologna)

**Anthony Wyand:**

- Member of the Board of Directors of AVIVA France
- Member of the Board of Directors of Société Foncière Lyonnaise SA
- Deputy Chairman of the Board of Directors of Société Générale

**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                                                                                                                                                  |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Federico Ghizzoni     | Chief Executive Officer and General Manager                                                                                                            |
| Roberto Nicastro      | General Manager – responsible for F&SME, Private Banking and CEE Divisions and the overall activities of “Italy” managed by the Italy Country Chairman |
| Paolo Fiorentino      | Deputy General Manager and Chief Operating Officer – responsible for organisational, operational and service functions (so-called “GBS” functions)     |
| Jean-Pierre Mustier   | Deputy General Manager – Head of CIB Division                                                                                                          |
| Nadine Farida Faruque | General Counsel & Group Compliance Officer                                                                                                             |
| Kallol Karl Guha      | Group Chief Risk Officer                                                                                                                               |
| Marina Natale         | Chief Financial Officer and Manager in charge of preparing the Issuer’s financial reports                                                              |
| Paolo Cornetta        | Group Head of Human Resources                                                                                                                          |
| Ranieri de Marchis    | Head of Internal Audit                                                                                                                                 |

The business address for each of the foregoing members of UniCredit’s senior management is UniCredit S.p.A., Piazza Cordusio, 20123 Milan, Italy.

**Board of Statutory Auditors**

UniCredit’s board of statutory auditors (the **Board of Statutory Auditors**) supervises compliance with laws, regulations and the Articles of Association, the proper management and the adequacy of the organisational and accounting set-up of UniCredit and of the risk management and control, as well as the functionality of the total internal control system, of the external auditing of the accounts and the consolidated accounts, of the independence of the external audit firm and of the information process regarding financial data. The Board of Statutory Auditors shall also report any irregularities or violations of the legislation to the Bank of Italy and, where required, other supervisory authorities, and on the supervisory activity performed and on any omissions and censurable facts found to the Shareholders’ Meetings called to approve the company’s financial statements.

The Board of Statutory Auditors currently in office was appointed by the UniCredit Ordinary Shareholders’ Meeting on 22 April 2010 for a term of three financial years and its members may be re-elected. The Board of Statutory Auditors consists of five statutory auditors, including a Chairman, and two stand-in statutory auditors.

The term of 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 2012.

All of the members of the Board of Statutory Auditors are enrolled with the Register of Chartered Accountants of the Italian Ministry of Justice. The business address for each of the members of the Board of Statutory Auditors is UniCredit S.p.A., Piazza Cordusio, 20123 Milan, Italy.

The following table sets out the name, age, position and year of appointment of the current members of the Board of Statutory Auditors of UniCredit.

| Name                   | Position          | Year of appointment |
|------------------------|-------------------|---------------------|
| Maurizio Lauri         | Chairman          | 2010                |
| Cesare Bioni           | Statutory Auditor | 2010                |
| Vincenzo Nicastro      | Statutory Auditor | 2010                |
| Michele Rutigliano     | Statutory Auditor | 2010                |
| Marco Ventoruzzo       | Statutory Auditor | 2010                |
| Paolo Domenico Sfameni | Stand-in Auditor  | 2010                |
| Massimo Livatino       | Stand-in Auditor  | 2010                |

Other principal activities performed by the Statutory Auditors which are significant with respect to UniCredit are listed below:

**Maurizio Lauri:**

- Statutory Auditor of Tirreno Power S.p.A.
- Chairman of the Board of Statutory Auditors of Cosmic Blue Team S.p.A.
- Chairman of the Board of Statutory Auditors of GDF Suez Rinnovabili S.p.A.
- Chairman of the Board of Statutory Auditors of GDF Suez Produzione S.p.A.
- Chairman of the Board of Statutory Auditors of Rino Immobiliare S.r.l.
- Chairman of the Board of Statutory Auditors of Pratesi Service S.r.l.
- Chairman of the Board of Statutory Auditors of AFP Capital S.r.l.
- Chairman of the Board of Statutory Auditors of Lori S.p.A.
- Chairman of the Board of Statutory Auditors of Rino Pratesi S.p.A.
- Chairman of the Board of Statutory Auditors of Pratesi Hotel Division S.r.l.
- Chairman of the Board of Directors of RSM Tax & Advisory S.r.l.
- Sole Statutory Auditor (Sindaco Unico) of Helio-Capital SpA

**Cesare Bioni**

- Member of the Board of Auditors of Fondazione Universitaria Marco Biagi

**Vincenzo Nicastro**

- Special Commissioner, Carrozzeria Bertone S.p.A.
- Special Commissioner of Bertone S.p.A. in a.s.
- Director of Industria ed Innovazione S.p.A.
- Director of Reno de Medici S.p.A.
- Chairman of the Board of Directors of Red.IM S.r.l.
- Auditor of Infracom S.p.A.

**Michele Rutigliano**

- Statutory Auditor of European Finance S.r.l.
- Chairman of the Board of Statutory Auditors of Citifin S.r.l.
- Chairman of the Board of Statutory Auditors of Pioneer Alternative Investment Management SGRpA

**Marco Ventoruzzo**

- Statutory Auditor of Partito Democratico

**Compensation**

In the year ended 31 December 2011, the aggregate compensation paid to key management personnel (including the Board of Directors) was approximately €29.9 million.

**CONFLICT OF INTERESTS**

As at the date of the Prospectus, and to the best of UniCredit's knowledge, no member of UniCredit's managing and controlling bodies has any interest conflicting 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, in strict compliance with existing laws and regulations. The members of UniCredit's managing and controlling bodies must comply with the following provisions aimed at regulating instances where there exists a specific interest concerning the implementation of an operation:

- Article 136 of the Italian Banking Act requires a particular authorisation procedure (a unanimous decision by the supervisory body and the favourable vote of all members of the controlling body, as well as, where applicable, the approval of the parent company) should a bank or a company belonging to a banking group enter into obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with its respective company officers, or should another company or bank part of the same banking group contract loans with officers from the same banking group. The same provisions also apply to obligations with companies controlled by the aforementioned officers or at which such persons carry out management or control functions, as well as with subsidiaries or parents of the said companies;

- Article 2391 of the Italian Civil Code obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest that they may have, on their own behalf or on behalf of a third party, in a specific company transaction, with the concerned member of the Board of Directors having to abstain from carrying out the transaction if he is also the CEO;
- Furthermore, in compliance with the existing provisions concerning transactions with related parties (i.e. Article 2391-*bis* of the Italian Civil Code and CONSOB Regulation No. 17221 dated 12 March 2010 and subsequent updates), UniCredit applies specific procedures in order to ensure the transparency and substantive and procedural correctness of the related parties transactions to be implemented directly or through its subsidiaries. In accordance with the aforementioned provisions, the most significant transactions with related parties fall within the exclusive responsibility of the UniCredit Board of Directors, with the exception of 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 Accounts of UniCredit S.p.A. as at 31 December 2010 and as at 31 December 2011, in each case incorporated by reference herein.

### EXTERNAL AUDITORS

UniCredit's annual financial statements must be audited by external auditors appointed by its shareholders, under reasoned proposal by UniCredit's Board of Statutory Auditors. The shareholders' resolution and the Board of Statutory Auditors' reasoned proposal are communicated to CONSOB. The external auditors examine UniCredit's annual financial statements and issue an opinion regarding whether its annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation; which is to say whether they are clearly stated and give a true and fair view of the financial position and results of the Group. Their opinion is made available to UniCredit's shareholders prior to the annual general shareholders' meeting.

Since 2007, following a modification of Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**), listed companies may not appoint the same auditors for more than nine years. At the annual general shareholders' meeting of UniCredit held on 4 May 2004, KPMG S.p.A. (**KPMG**) was appointed to act as UniCredit's external auditor for a period of three years and during the general shareholders' meeting of UniCredit held on 10 May 2007 KPMG's engagement was extended for a further six years, to complete the nine-year period allowed by the Financial Services Act.

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

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 Article 13, paragraph 1, of Legislative Decree no. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

### RECENT DEVELOPMENTS

#### EBA

In October 2011, the EBA, in collaboration with the competent authorities, conducted a capital exercise involving 71 banks throughout Europe, including UniCredit, with a view to creating a one-off temporary capital buffer in response to the current financial and sovereign debt crisis, intended to restore stability in the Eurozone and confidence among investors. The buffer is not intended to cover losses caused by sovereign risk, but to reassure the markets that the banks are capable of resisting a series of shocks whilst maintaining sufficient capital. The EBA has also called for a buffer which would bring the Core Tier 1 Ratio to 9 per cent. by the end of June 2012. Based on the data recorded as at 30 September 2011, UniCredit's total capital requirement was estimated at Euro 7,974 million.

#### Listing as a Systematically Important Financial Institution (SIFIs)

UniCredit was included in the list of financial institutions of global systemic importance, published on 4 November 2011 by the Financial Stability Board. The banks included on that list, which will be updated annually, will be subject to increased oversight and will be required, in consultation with supervisory authorities, to prepare, by 2012, resolution and recovery plans to prevent the risk of its failure from driving

systemic risk. In addition, those banks identified in November 2011 as globally systemically important using the Basel Committee on Banking Supervision (BCBS) methodology will be required to maintain the capacity to absorb additional losses through the accumulation of an additional capital buffer represented by Common Equity Tier 1 (the additional loss absorbing requirement).

### Strategic Plan

On 14 November 2011, the Board of Directors of UniCredit approved the 2010-2015 Strategic Plan which is broken down into four well-defined pillars indicated below:

- a rigorous focus on capital strength, risk profile, equilibrium in the liquidity position and in movements of loans and deposits;
- close cost management aimed at the more efficient use of available resources with an emphasis on simplifying and rationalising management structures and redesigning the distribution network;
- revision of business strategies as a function of changes in respective reference markets in the context of developing tighter divisional integration capable of generating greater business synergies; and
- a special focus on Italy with the aim of reducing the gap between loan and deposit volumes, improving loan quality and improving operating efficiency.

### Capital Strengthening

UniCredit's Extraordinary Shareholders' Meeting, held in Rome on 15 December 2011, approved the capital strengthening measures announced to the market on 14 November 2011.

More specifically, the Shareholders' Meeting approved:

- the capitalisation of the share premium reserve originated by the CASHES shares through a free capital increase, pursuant to Article 2442 of the Italian Civil Code;
- the cancellation of the nominal value of UniCredit's ordinary and savings shares;
- a share capital increase by way of a rights issue for a total maximum amount of €7.5 billion to be carried out through the issuance of new ordinary shares with regular beneficial ownership rights to be offered on a pre-emptive basis to existing holders of UniCredit's ordinary and savings shares, pursuant to Article 2441, first, second and third paragraph of the Italian Civil Code;
- a reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares;
- an amendment to UniCredit's Articles of Association enabling the Board of Directors to offer shareholders the chance to receive dividends either in cash or UniCredit ordinary shares (scrip dividend) or a mix of cash and ordinary shares.

UniCredit's Board of Directors has also announced its intention not to submit to the Shareholders' Meeting, in 2012, any proposals for the payment of dividends with respect to its 2011 financial results, as per Bank of Italy's paper dated 2 March 2012.

Therefore, in 2011 the following steps were taken:

- the €2,499,217,969.50 free capital increase, through the allocation to capital of an equivalent amount transferred from the "Issue-premium reserve";
- the cancellation of the nominal value of UniCredit's ordinary and savings shares;
- the reverse stock split of ordinary and savings shares based on the ratio approved by the Extraordinary Shareholders's Meeting on 15 December 2011. As a result of this initiative, the number of ordinary and savings shares has decreased from 19,274,251,710 to 1,927,425,171 and from 24,238,980 to 2,423,898 respectively.

On 4 January 2012 the Board of Directors of UniCredit approved the terms and the timetable of the preemptive offer of ordinary shares to existing shareholders based on the resolution of the Extraordinary Shareholders's Meeting of 15 December 2011:

- the new ordinary shares, with no par value, have been offered on a pre-emptive basis to existing holders of ordinary and savings shares of UniCredit at the price of €1.943 per share, at the subscription ratio of 2 new ordinary shares for every 1 ordinary and/or savings share held;
- a maximum of 3,859,602,938 new ordinary shares to be issued, increasing the UniCredit's share capital by, and for an aggregate amount of, €7,499,208,508.53;

During the subscription period (9 January 2012 – 27 January 2012 in Italy, Germany and Austria and 12 January 2012 – 27 January 2012 in Poland), 1,925,199,755 subscription rights were exercised and, thus, 3,850,399,510 shares were subscribed representing 99.8 per cent. of the total shares offered, for an aggregate amount of €7,481,326,247.93.

The unexercised rights, relating to the subscription of 9,203,428 UniCredit's ordinary shares, have been offered by UniCredit, through UniCredit Bank AG, Milan Branch, on the Stock Exchange, pursuant to Article 2441, paragraph 3, of the Italian Civil Code. All the rights were sold during the first trading session on 1 February 2012 and the new shares were subsequently subscribed.

The capital increase was therefore fully subscribed.

### **Tender offer**

On 24 January 2012, UniCredit announced an invitation to eligible holders of certain preferred securities and subordinated debt securities (the **Securities**) to submit offers (**Offers**) to sell their Securities to UniCredit for cash (the **Invitation**). The purpose of the Invitation (in line with the rationale for the rights issue) was to support the UniCredit Group's strategy for optimising its capital structure.

On 6 February 2012, UniCredit announced the results of the Invitation and the satisfaction of the conditions to the Invitation. Holders of Securities of an aggregate liquidation preference (in the case of the preferred securities) and principal amount (in the case of the subordinated debt securities) of €1,293,033,000 with respect to Securities denominated in Euro and £473,264,000 with respect to Securities denominated in UK Sterling validly tendered their Securities in the Offers. UniCredit has accepted for purchase all the subordinated debt securities and preferred securities validly tendered in the Offers.

The settlement date for the purchase by UniCredit of the Securities that were validly tendered pursuant to the Offers occurred on 10 February 2012.

In relation to the Securities it has accepted for purchase, UniCredit has reserved the right to hold, re-issue, resell or surrender such Securities for cancellation, subject to the terms and the conditions of the respective Security.

## Overview of the Financial Information of UniCredit

Set out below is summary financial information of UniCredit, derived from the audited consolidated financial statements of UniCredit as at and for the years ended 31 December 2010 and 2011 (prepared in accordance with IFRS/IAS), which have been audited by KPMG S.p.A. Such financial statements, together with the audit reports of KPMG S.p.A. and the accompanying notes, are incorporated by reference into this Prospectus. The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements, reports and the notes thereto. See “*Documents Incorporated by Reference*”.

### UNICREDIT CONSOLIDATED BALANCE SHEET

|                                                                          | As at 31 December      |                    |
|--------------------------------------------------------------------------|------------------------|--------------------|
|                                                                          | 2011                   | 2010               |
|                                                                          | (Audited)              |                    |
|                                                                          | (in thousands of euro) |                    |
| <b>Balance sheet – Assets</b>                                            |                        |                    |
| Cash and cash balances .....                                             | 9,728,137              | 6,414,097          |
| Financial assets held for trading .....                                  | 130,985,409            | 122,551,402        |
| Financial assets at fair value through profit or loss .....              | 28,624,394             | 27,077,856         |
| Available for sale financial assets .....                                | 57,919,008             | 55,103,190         |
| Held-to-maturity investments .....                                       | 9,265,450              | 10,003,718         |
| Loans and receivables with banks.....                                    | 56,364,996             | 70,215,452         |
| Loans and receivables with customers .....                               | 559,553,003            | 555,653,360        |
| Hedging derivatives .....                                                | 16,241,206             | 11,368,199         |
| Changes in fair value of portfolio hedged items (+/-) .....              | 1,827,857              | 2,248,056          |
| Investments in associates and joint ventures .....                       | 3,554,675              | 3,963,087          |
| Insurance reserves attributable to reinsurers .....                      | 928                    | 352                |
| Property, plant and equipment .....                                      | 12,198,058             | 12,611,297         |
| Intangible assets .....                                                  | 15,685,444             | 25,592,159         |
| of which – goodwill .....                                                | 11,567,192             | 20,428,073         |
| Tax assets .....                                                         | 14,346,042             | 12,961,052         |
| (a) current tax assets .....                                             | 1,685,303              | 1,674,735          |
| (b) deferred tax assets .....                                            | 12,660,739             | 11,286,317         |
| Non-current assets and disposal groups classified as held for sale ..... | 345,161                | 776,014            |
| Other assets .....                                                       | 10,128,976             | 12,948,264         |
| <b>Total assets.....</b>                                                 | <b>926,768,744</b>     | <b>929,487,555</b> |

**UNICREDIT CONSOLIDATED BALANCE SHEET (continued)**

|                                                                          | As at 31 December      |                    |
|--------------------------------------------------------------------------|------------------------|--------------------|
|                                                                          | 2011                   | 2010               |
|                                                                          | (Audited)              |                    |
|                                                                          | (in thousands of euro) |                    |
| <b>Balance sheet – Liabilities</b>                                       |                        |                    |
| Deposits from banks.....                                                 | 131,806,952            | 111,735,094        |
| Deposits from customers .....                                            | 398,379,282            | 402,248,191        |
| Debt securities in issue .....                                           | 162,990,254            | 180,990,328        |
| Financial liabilities held for trading .....                             | 123,285,765            | 114,099,136        |
| Financial liabilities at fair value through profit or loss .....         | 785,966                | 1,267,889          |
| Hedging derivatives .....                                                | 13,208,746             | 9,680,850          |
| Changes in fair value of portfolio hedged items (+/-) .....              | 4,840,832              | 2,798,376          |
| Tax liabilities .....                                                    | 6,209,785              | 5,836,890          |
| (a) <i>current tax liabilities</i> .....                                 | 1,504,846              | 1,464,819          |
| (b) <i>deferred tax liabilities</i> .....                                | 4,704,939              | 4,372,071          |
| Liabilities included in disposal groups classified as held for sale..... | 252,164                | 1,394,769          |
| Other liabilities.....                                                   | 20,416,128             | 22,224,352         |
| Provision for employee severance pay.....                                | 1,089,409              | 1,201,833          |
| Provisions for risks and charges .....                                   | 8,496,169              | 8,087,978          |
| (a) <i>post-retirement benefit obligations</i> .....                     | 4,509,105              | 4,515,173          |
| (b) <i>other provisions</i> .....                                        | 3,987,064              | 3,572,805          |
| Insurance reserves.....                                                  | 209,714                | 218,644            |
| Revaluation reserves.....                                                | (3,843,089)            | (1,252,787)        |
| Reserves .....                                                           | 15,564,529             | 15,186,462         |
| Share premium .....                                                      | 36,823,215             | 39,322,433         |
| Issued capital .....                                                     | 12,148,463             | 9,648,791          |
| Treasury shares (-) .....                                                | (7,337)                | (4,197)            |
| Minorities (+/-).....                                                    | 3,318,245              | 3,479,180          |
| Net Profit or Loss (+/-).....                                            | (9,206,448)            | 1,323,343          |
| <b>Total liabilities and shareholders' equity .....</b>                  | <b>926,768,744</b>     | <b>929,487,555</b> |

## UNICREDIT CONSOLIDATED INCOME STATEMENT

|                                                                                             | As at 31 December      |                     |
|---------------------------------------------------------------------------------------------|------------------------|---------------------|
|                                                                                             | 2011                   | 2010                |
|                                                                                             | (Audited)              |                     |
|                                                                                             | (in thousands of euro) |                     |
| Interest income and similar revenues .....                                                  | 29,671,745             | 28,641,891          |
| Interest expense and similar charges .....                                                  | (14,184,168)           | (12,885,464)        |
| <b>Net interest margin</b> .....                                                            | <b>15,487,577</b>      | <b>15,756,427</b>   |
| Fee and commission income .....                                                             | 10,062,375             | 10,209,704          |
| Fee and commission expense .....                                                            | (1,754,904)            | (1,754,234)         |
| <b>Net fees and commissions</b> .....                                                       | <b>8,307,471</b>       | <b>8,455,470</b>    |
| Dividend income and similar revenue .....                                                   | 740,881                | 718,314             |
| Gains and losses on financial assets and liabilities held for trading .....                 | 228,841                | 343,169             |
| Fair value adjustments in hedge accounting .....                                            | 105,797                | 52,139              |
| <b>Gains and losses on disposal of</b> .....                                                | <b>313,809</b>         | <b>311,636</b>      |
| (a) <i>loans</i> .....                                                                      | (21,920)               | 7,340               |
| (b) <i>available-for-sale financial assets</i> .....                                        | 302,771                | 120,238             |
| (c) <i>held-to-maturity investments</i> .....                                               | (3,281)                | (590)               |
| (d) <i>financial liabilities</i> .....                                                      | 36,239                 | 184,648             |
| Gains and losses on financial assets/liabilities at fair value through profit or loss ..... | 23,693                 | (28,733)            |
| <b>Operating income</b> .....                                                               | <b>25,208,069</b>      | <b>25,608,422</b>   |
| Impairment losses on: .....                                                                 | (6,642,734)            | (7,006,651)         |
| (a) <i>loans</i> .....                                                                      | (5,864,882)            | (6,708,268)         |
| (b) <i>available-for-sale financial assets</i> .....                                        | (471,769)              | (141,779)           |
| (c) <i>held-to-maturity investments</i> .....                                               | (152,373)              | (2)                 |
| (d) <i>other financial assets</i> .....                                                     | (153,710)              | (156,602)           |
| <b>Net profit from financial activities</b> .....                                           | <b>18,565,335</b>      | <b>18,601,771</b>   |
| Premiums earned (net) .....                                                                 | 125,688                | 118,176             |
| Other income (net) from insurance activities .....                                          | (98,814)               | (94,904)            |
| <b>Net profit from financial and insurance activities</b> .....                             | <b>18,592,209</b>      | <b>18,625,043</b>   |
| Administrative costs: .....                                                                 | (15,096,252)           | (14,971,556)        |
| (a) <i>staff expense</i> .....                                                              | (9,441,047)            | (9,477,728)         |
| (b) <i>other administrative expense</i> .....                                               | (5,655,205)            | (5,493,828)         |
| Net provisions for risks and charges .....                                                  | (740,229)              | (764,887)           |
| Impairment/write-backs on property, plant and equipment .....                               | (841,347)              | (996,668)           |
| Impairment/write-backs on intangible assets .....                                           | (1,608,442)            | (674,998)           |
| Other net operating income .....                                                            | 794,229                | 952,019             |
| <b>Operating costs</b> .....                                                                | <b>(17,492,041)</b>    | <b>(16,456,090)</b> |
| Profit (loss) of associates .....                                                           | (323,249)              | 209,083             |
| Gains and losses on tangible and intangible assets measured at fair value .....             | (6,846)                | 152                 |
| Impairment of goodwill .....                                                                | (8,677,456)            | (361,500)           |
| Gains and losses on disposal of investments .....                                           | 180,327                | 158,001             |
| <b>Total profit or loss before tax from continuing operations</b> .....                     | <b>(7,727,056)</b>     | <b>2,174,689</b>    |
| Tax expense (income) related to profit or loss from continuing operations .....             | (1,114,626)            | (530,120)           |
| <b>Total profit or loss after tax from continuing operations</b> .....                      | <b>(8,841,682)</b>     | <b>1,644,569</b>    |
| Total profit or loss after tax from discontinued operations .....                           | –                      | –                   |
| <b>Net Profit or Loss for the year</b> .....                                                | <b>(8,841,682)</b>     | <b>1,644,569</b>    |
| Minorities .....                                                                            | (364,766)              | (321,226)           |
| <b>HOLDINGS INCOME (LOSS) OF THE PERIOD</b> .....                                           | <b>(9,206,448)</b>     | <b>1,323,343</b>    |
| Earnings per share (€) .....                                                                | (5.12)                 | 0.064               |
| Diluted earnings per share (€) .....                                                        | (5.11)                 | 0.064               |

Notes: 2010 earnings per share and diluted earnings per share were recalculated to allow comparison following the reverse stock split which took place on 27 December 2011.

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# Description of UniCredit Ireland

## **HISTORY**

UniCredit Ireland was incorporated in Ireland on 7 November 1995 under the Irish Companies Act 1963 (as amended). UniCredit Ireland changed its name from Credito Italiano (Ireland) Limited to Credito Italiano Bank (Ireland) Limited on 19 December 1997 and received a banking licence from the Central Bank of Ireland on 24 December 1997 pursuant to section 9 of the Irish Central Bank Act 1971 (as amended). Registration as a public limited company was completed on 2 April 1998. UniCredit Ireland changed its name to UniCredito Italiano Bank (Ireland) p.l.c. on 1 November 1999 and to UniCredit Bank Ireland p.l.c. on 12 December 2007.

UniCredit Ireland is registered with the Registrar of Companies in Dublin under registration number 240551 and has its registered office at La Touche House, International Financial Services Centre, Dublin 1, Ireland, telephone number +353 1 670 2000.

UniCredit Ireland is an autonomous operating unit within the wider Group and as a fully owned subsidiary is subject to the coordination and support of the parent entity. This support extends to UniCredit Ireland's financial dependence as evidenced by UniCredit's injection of €2.2 billion in share capital and capital contributions to facilitate its ongoing trading activities.

UniCredit Ireland is engaged in the business of banking and provision of financial services. Its main business areas include credit and structured finance (including investing in loans, bonds, securitisation and other forms of asset financing), treasury activities (money market, repurchase agreements or "repos", Euro Over Night Index Average (EONIA) and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.

## **CORPORATE OBJECTS**

The purpose of UniCredit Ireland, as set out in Article 3 of the Articles of Association, is to carry on the business of banking.

## **RECENT EVENTS**

There are no recent events particular to UniCredit Ireland which are to a material extent relevant to an evaluation of UniCredit Ireland's solvency.

## **PRINCIPAL MARKETS**

In market terms, UniCredit Ireland focuses on the business of credit and structured finance, treasury activities and the issue of certificates of deposit and structured notes primarily in Europe and North America.

## **RECENT INVESTMENTS**

Except as disclosed in this Prospectus, UniCredit Ireland did not make significant investments since the date of the last published financial statements.

## **MATERIAL CONTRACTS**

UniCredit Ireland has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

## **DIRECTORS**

The following table sets forth the name, age, position and date of appointment of the current members of the Board of Directors of UniCredit Ireland:

## Description of UniCredit Ireland

| Name               | Age | Position          | Year First Appointed |
|--------------------|-----|-------------------|----------------------|
| Ronan Molony       | 53  | Chairman          | 2008                 |
| Patrizio Braccioni | 52  | Deputy Chairman   | 2002                 |
| Stefano Vaiani     | 59  | Managing Director | 2004                 |
| Mirko Bianchi      | 50  | Director          | 2010                 |
| Donal Courtney     | 48  | Director          | 2010                 |
| Tom McAleese       | 48  | Director          | 2010                 |
| Aldo Soprano       | 43  | Director          | 2012                 |
| Pier Mario Satta   | 41  | Director          | 2009                 |

The business address for each of the foregoing directors is UniCredit Bank Ireland p.l.c., La Touche House, International Financial Services Centre, Dublin 1, Ireland.

The principal activities performed by the Directors outside UniCredit Ireland are set out briefly below:

**Ronan Molony – Chairman of UniCredit Bank Ireland p.l.c.**

- Lawyer, partner in McCann FitzGerald and a director of Harbourmaster Property Developments Limited.

**Patrizio Braccioni – Deputy Chairman of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of UniCredit Audit (Ireland) Limited (In Voluntary Liquidation)
- Member of the Board of Directors of UniCredit Business Partner ScpA

**Stefano Vaiani – Managing Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of Club di Dublino Limited

**Mirko Bianchi – Director of UniCredit Bank Ireland p.l.c.**

**Donal Courtney – Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of Caperange Investments
- Member of the Board of Directors of Longreach Capital Partners Ireland 2
- Member of the Board of Directors of Longreach Holdings Ireland Limited
- Member of the Board of Directors of Pinecourt Consulting Limited
- Member of the Board of Directors of Sanne Capital Markets Ireland Limited
- Member of the Board of Directors of SRF Railcar Leasing Limited
- Member of Board of Directors of Camarack Financial Limited

**Tom McAleese – Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of AIG United Guaranty Re Limited
- Member of the Board of Directors of Dublin Chamber of Commerce Limited
- Member of the Board of Directors of Belhinch Limited
- Member of the Board of Directors of Clarity Advisory Limited

**Pier Mario Satta – Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of Assiom Forex

**Aldo Soprano – Director of UniCredit Bank Ireland p.l.c.**

## CONFLICTS OF INTERESTS

UniCredit Ireland is not aware of any potential conflicts of interests between the duties to UniCredit Ireland of the foregoing directors and their private interests or other duties.

## EXTERNAL AUDITORS

At the annual general shareholders' meeting of UniCredit Ireland held on 8 March 2012, KPMG, Dublin was re-appointed to act as UniCredit Ireland's external auditor for a period of one year. UniCredit Ireland's external auditors are registered auditors with the Institute of Chartered Accountants in Ireland.

## CAPITAL

The authorised share capital of UniCredit Ireland is €1,343,118,650. There has been no change in the authorised share capital of UniCredit Ireland since 31 December 2011.

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# Description of UniCredit International Luxembourg

## HISTORY

UniCredit International Luxembourg was incorporated in the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*) on 30 September 2004 under the name UniCredit International (Luxembourg) S.A. By a resolution passed at an extraordinary general meeting of shareholders held on 29 October 2004, its articles of incorporation were amended and restated and its name was changed to UniCredit International Bank (Luxembourg) S.A. with effect from 1 November 2004. UniCredit International Luxembourg is incorporated for an unlimited duration.

UniCredit International Luxembourg is a credit institution and is supervised by the CSSF.

UniCredit International Luxembourg is registered with the Luxembourg trade and companies register under the number B.103.341 and has its registered office at 8-10 rue Jean Monnet, L-2180 Luxembourg, telephone number +352 22 08 42-1 (Switchboard).

UniCredit International Luxembourg is a wholly owned subsidiary of UniCredit and owns a 100 per cent. interest in a subsidiary named UniCredit Luxembourg Finance S.A., whose principal object is the issue of securities in the US market under a USD 10 billion medium term note programme guaranteed by UniCredit S.p.A.

## RECENT EVENTS

In the context of the reorganisation of UniCredit Group's banking activities in the Grand Duchy of Luxembourg, UniCredit International Luxembourg sold, with effect from 1 August 2009, all its Private Banking activities to UniCredit Luxembourg S.A. (formerly H.V.B. Luxembourg S.A.). There was no change in the legal structure of UniCredit International Luxembourg.

## BUSINESS

UniCredit International Luxembourg is engaged in the business of banking and the provision of financial services.

Following the transfer of all Private Banking activities to UniCredit Luxembourg S.A., the activities performed by UniCredit International Luxembourg are the following:

- selective investments for its own account;
- acting as the reference structure in Luxembourg for the strategic funding activities of the UniCredit Group;
- treasury services for institutional and corporate counterparties; and
- management of the remaining credit portfolio.

## RECENT INVESTMENTS

UniCredit International Luxembourg has not made any significant investments since the date of its last published financial statements as at and for the year ended 31 December 2011.

## CONSTITUTION

UniCredit International Luxembourg was incorporated pursuant to a notarial deed of Maître Frank Baden, a notary resident in Luxembourg, on 30 September 2004. The articles of incorporation of UniCredit International Luxembourg are published in the *Luxembourg Mémorial, Recueil des Sociétés et Associations* number C-No 1040 of 18 October 2004 on page 49877.

The articles of incorporation of UniCredit International Luxembourg were amended and restated following a notarial deed dated 29 October 2004 and are published, as amended, in the *Luxembourg Mémorial C, Recueil des Sociétés et Associations* No. 1183 of 20 November 2004 on page 56741. The articles of incorporation of UniCredit International Luxembourg were further amended by a decision taken during an extraordinary general meeting of shareholders held on 28 January 2010. Such decision was published in the *Luxembourg Mémorial C, Recueil des Sociétés et Associations* No 582 of 18 March 2010 on page 27928.

**CORPORATE OBJECTS**

Pursuant to article 3 of UniCredit International Luxembourg's articles of incorporation, UniCredit International Luxembourg's corporate objects are the undertaking for its own account, as well as for the account of third parties, or on joint account with third parties, either within or outside the Grand Duchy of Luxembourg, of any banking or financial operations, including (but not limited to) the receipt of sight or term deposits in any currencies whatsoever, the granting of and taking of participations in credits of any nature and in any currency or currencies whatsoever and in any manner whatsoever, the trading of foreign currencies, the safekeeping and managing of securities, the administration and collection of coupons including the powers to make endorsement, the discount, rediscount, selling and settlement transactions, as well as any other transaction relating to bonds, notes, bills of exchange and other obligations of any kind and the power to issue and confirm letters of credit and documentary credits of any kind and the subscription, purchase, holding and disposal of shares, stock, bonds, notes and securities of any kind of and in any other company by any mean whatsoever, in the organisation and management for its own account, as well as for the account of any natural person or any Luxembourg or foreign company, either within or outside the Grand Duchy of Luxembourg, of any financial or commercial investment, the performance of any operation whatsoever relating to the activity of assets manager in the widest sense of the legislation on the financial sector and of the activities of financial adviser, broker and commissioner, the provision of fiduciary and domiciliation services.

UniCredit International Luxembourg can perform all other operations, whether industrial or commercial or on real estate, which directly or indirectly relate to its corporate object in order to facilitate the accomplishment of its purpose.

**MATERIAL CONTRACTS**

UniCredit International Luxembourg has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

**DIRECTORS**

UniCredit International Luxembourg is managed by a board of directors composed of at least three members who may, but need not also, be shareholders, who are appointed for a period not exceeding six years by the general meeting of shareholders which may at any time remove them. The directors are eligible for re-appointment.

UniCredit International Luxembourg complies with the laws and regulations of the Grand Duchy of Luxembourg regarding corporate governance.

The number of directors, their term and their remuneration are fixed by the general meeting of the shareholders. UniCredit International Luxembourg is bound vis-à-vis third parties by the sole signature of the Chairman, the Vice-Chairman, a Managing Director or by the joint signature of two other directors.

As at the date of this Prospectus, the following table sets out the name, position and business address of the current members of the board of directors of UniCredit International Luxembourg:

| <b>Name</b>           | <b>Title</b>  | <b>Address</b>                              |
|-----------------------|---------------|---------------------------------------------|
| Jacques Santer        | Chairman      | 8-10, rue Jean Monnet, L-2180, Luxembourg   |
| Philipp Waldstein     | Vice-Chairman | 1, via San Protaso, I-20121 Milan           |
| Angelo Brizi          | Director      | 4, rue Alphonse Weickert, L-2721 Luxembourg |
| Piero Bonarelli       | Director      | 1, via San Protaso, I-20121 Milan           |
| Alessandro Maldifassi | Director      | 1, via San Protaso, I-20121 Milan           |

The principal activities performed by the Directors outside UniCredit International Luxembourg are set out briefly below:

**Jacques Santer – Chairman of the Board of Directors**

- Honorary State Minister of the Grand Duchy of Luxembourg

**Philipp Waldstein – Vice-Chairman of the Board of Directors**

- Head of Strategic Funding and Portfolio – UniCredit S.p.A. Milan

**Angelo Brizi**

- C.E.O. of UniCredit S.A. Luxembourg

**Piero Bonarelli**

- Head of International Taxation – UniCredit S.p.A. Milan

**Alessandro Maldifassi**

- Accounting Principles and Disclosure – UniCredit S.p.A. Milan

### **CONFLICT OF INTERESTS**

UniCredit International Luxembourg is not aware of any potential conflicts of interests between the duties to UniCredit International Luxembourg of the Directors and their private interests or other duties.

### **EXTERNAL AUDITORS**

The statutory auditors (*réviseur d'entreprises agréé*) of UniCredit International Luxembourg who have audited the annual financial statements as at and for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011 without qualification, in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF together with Luxembourg legislation and the Practice Guidelines (*recommandations professionnelles*) issued by the CSSF and the Institut des réviseurs d'entreprises, are KPMG Luxembourg S.à r.l, 9, Allée Scheffer, L-2520 Luxembourg.

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## Book Entry Clearance Systems

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor, the Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### BOOK-ENTRY SYSTEMS

#### DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Participants**) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. **Direct Participants** include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant’s and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to

whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

### **BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES**

The relevant Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or

Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuers expect DTC to credit the accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the relevant Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

#### **TRANSFERS OF NOTES REPRESENTED BY REGISTERED GLOBAL NOTES**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form (see "*Form of the Notes*"). Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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## Taxation

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

*In the near future, the Italian Government may introduce tax provisions amending certain aspects of the current tax treatment of the Notes, as summarised below. In the near future, the Italian Parliament may authorise the Government to introduce a fixed withholding tax on capital gains and financial incomes not exceeding 20 per cent., which may replace the current tax regime of the Notes as summarised below. Other tax provisions may be adopted which affect the current tax treatment of the Notes.*

*Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### **TAXATION IN THE REPUBLIC OF ITALY**

#### **Tax treatment of Notes issued by an Italian resident issuer**

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

#### **Italian resident Noteholders**

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

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

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

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

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

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

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

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

#### **Non-Italian resident Noteholders**

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

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

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

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

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

#### **Tax treatment of Notes issued by a non-Italian resident issuer**

Decree 239 also provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by a non-Italian resident issuer.

**Italian resident Noteholders**

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

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

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

If the investor is resident in Italy and is a Fund, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management result of the Fund. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by an Intermediary.

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

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

**Non-Italian resident Noteholders**

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes issued by a non-Italian resident issuer, provided that, if such Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

**Payments made by an Italian resident guarantor**

With respect to payments on the Notes made to Italian resident Noteholders 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 Notes may be subject to a provisional withholding tax at a rate of 20 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In case of payments to non-Italian resident Noteholders, the final withholding tax may be applied at 20 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, in certain circumstances, as a payment by the relevant issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

**Atypical securities**

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 20 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by an Italian resident issuer, where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected; (b) an Italian company or a similar Italian commercial entity; (c) a permanent establishment in Italy of a foreign entity; (d) an Italian commercial partnership; or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

If the Notes are issued by a non-Italian resident issuer, the withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (a) a company or similar commercial entity (including the Italian permanent establishment of foreign entities); (b) a commercial partnership; or (c) a commercial private or public institution.

**Capital gains tax**

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

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

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

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

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains

realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

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

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

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

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

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

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

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

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

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

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

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Notes are held outside Italy.

**Inheritance and gift taxes**

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

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

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

**Transfer tax**

Following the repeal of the Italian transfer tax, as from 31 December 2007, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €168.00; (ii) private deeds are subject to registration tax only in the case of voluntary registration.

**Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.1 per cent. for the year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than €34.20 and, for the year 2012 only, it cannot exceed €1,200. Although the stamp duty is already applicable, certain aspects of the relevant discipline are expected to be clarified by and implemented with a Decree of the Ministry of Economy and Finance.

Under a preliminary interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary.

**Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2011 and 2012, and at 0.15 per cent. for subsequent years.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due). Although the wealth tax is already applicable, certain aspects of the relevant discipline are expected to be clarified by and implemented with a Decree of the Ministry of Economy and Finance.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC (the Directive) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member

State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

### **Implementation in Italy of the Savings Directive**

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

### **TAXATION IN IRELAND**

*The following is a summary (for Notes issued by UniCredit Ireland, unless otherwise stated) of the current Irish taxation law and practice with regard to the holders of the Notes. It is based on Irish taxation law and the practices of the Revenue Commissioners of Ireland (the **Revenue Commissioners**) as in force at the date of this Prospectus, and which may be subject to change. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem, exchange or dispose of the Notes and does not constitute tax or legal advice. Prospective investors should consult with their own professional advisers on the overall tax implications of such ownership.*

#### **Irish withholding tax on interest**

In general, withholding tax at the standard rate of income tax (currently 20 per cent.) must be deducted from payments of yearly interest within the charge of Irish tax. This may include payments of interest or premium made by a company that is resident in Ireland for the purposes of Irish tax (**Irish Resident**) such as UniCredit Ireland.

However, there is no requirement to withhold any amount for or on account of Irish income tax from interest arising on Notes where that interest is paid in the ordinary course of a banking business in Ireland, such as that of UniCredit Ireland.

#### **Irish withholding tax on discounts**

Irish withholding tax does not apply to discounts realised.

#### **Irish Deposit Interest Retention Tax (DIRT)**

Irish licensed banks such as UniCredit Ireland are obliged to withhold DIRT from interest on relevant deposits, which may include the Notes. DIRT applies at a rate of 30 per cent. provided that interest on the relevant deposit is payable annually or at more frequent intervals. There are certain exemptions from the obligation to withhold DIRT:

- (a) a Note that is listed on a stock exchange is not a relevant deposit for this purpose and DIRT does not apply;
- (b) in relation to unlisted Notes, pursuant to the provisions of section 246A of the Taxes Consolidation Act of Ireland 1997 (TCA 1997), UniCredit Ireland will not be required to deduct DIRT from interest paid in respect of Notes where the Notes mature within two years provided the Notes continue to be held in Euroclear, Clearstream International SA, or Depository Trust Company (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners) and which have a minimum denomination of €500,000 or U.S.\$500,000 or, in the case of Notes which are denominated in a currency other than euros or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this programme);

- (c) in addition, the Irish Revenue Commissioners operate a published practice which remains in force and effect as of the date hereof whereby DIRT will not apply to interest on unlisted Notes with a maturity of more than two years provided certain conditions are fulfilled as follows:
  - (i) UniCredit Ireland will not sell any Notes to Irish residents and will not offer any Notes in Ireland;
  - (ii) each of the Managers, as a matter of contract, undertake to UniCredit Ireland that:
    - (A) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
    - (B) it has not offered, sold or delivered and will not offer, sell or deliver any Notes in Ireland or to any person, including any body corporate, resident in Ireland or whose usual place of abode is in Ireland (an **Irish Person**);
    - (C) it has not issued or distributed, and will not issue or distribute or cause to be issued or distributed, in Ireland or to any Irish Person, this Prospectus or any other document offering the Notes for subscription or sale; and
    - (D) its action in any jurisdiction will comply with the then applicable laws and regulations of the jurisdiction;
  - (iii) the Notes are cleared through Euroclear, Clearstream International SA, or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners); and
  - (iv) the minimum denomination in which the Notes issue is made will be in denomination of €500,000 or its equivalent (such amount to be determined by reference to the relevant rate of exchange at the date of issuance); and
- (d) separately, where a person is the beneficial owner of Notes, is beneficially entitled to the interest thereon, is not an Irish Resident and has provided a declaration of non-Irish residence to UniCredit Ireland in the prescribed form, DIRT will not apply.

**Encashment Tax**

Notes issued by UniCredit and UniCredit International Luxembourg may be within the charge of Irish encashment tax where interest is paid by an agent in Ireland. Encashment tax may also arise in respect of Notes issued by UniCredit Ireland that constitute quoted Eurobonds, where interest payments are collected or realised by an agent in Ireland on behalf of a Noteholder. A Note will be a quoted Eurobond if it is quoted on a recognised stock exchange and carries a right to interest. Encashment tax will arise at the standard rate of income tax (currently 20 per cent.) unless the person beneficially owning the Note and entitled to the interest thereon is not resident in Ireland, has provided a declaration in the prescribed form and the income is interest not deemed, under the provisions of Irish tax legislation, to be the income of another person that is an Irish resident. Where interest payments are made by or through a paying agent outside Ireland, no encashment tax arises. In the case of Notes issued by UniCredit Ireland that are not quoted Eurobonds, no encashment tax arises.

**Irish Income tax**

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment. Interest on Notes may be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income would be technically liable to Irish income tax (and the Universal Social Charge (USC) where the income is received by an individual) unless an exemption is available.

Exemptions from Irish income tax under Section 198 TCA 1997 include:

- (a) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation agreement where that EU Member State or territory, as the case

may be, imposes a tax that generally applies to interest receivable from sources outside that EU Member State or territory, as the case may be, or where the interest paid would be exempted from the charge to income tax under a double taxation agreement that is in effect or, if not yet in effect, that has been signed between Ireland and that EU Member State or territory, as the case may be; or

- (b) where the interest is paid on a quoted Eurobond and the recipient is resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation agreement; or
- (c) where the interest is paid on a Note and the interest is interest to which section 246A of the TCA 1997 applies (see (b) under Irish Deposit Interest Retention Tax above) and the recipient is a person who is resident in an EU Member State; or
- (d) where discounts arise to a person in respect of securities issued by a company in the ordinary course of trade or business where that person is resident in an EU Member State or in a territory with which Ireland has a double taxation agreement.

For this purpose, residence is determined under the terms of the relevant double taxation agreement, or in the case of a person resident in an EU Member State, the law of that Member State. Separately, Ireland's double taxation agreements may exempt interest from Irish tax when received by a resident of the other territory provided that certain procedural formalities are completed.

Where a liability to Irish income tax arises it has, in the past, been the practice of the Revenue Commissioners (as a consequence of the absence of a collection mechanism rather than adopted policy) not to seek to collect this liability from non-Irish resident persons unless the recipient of the interest has a connection with Ireland. Examples of such a connection would include where the recipient has sought a claim for repayment of Irish tax deducted at source or where they are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of their interest in the Notes. Corporate noteholders who carry on a trade in Ireland through a branch or agency may be liable to Irish corporation tax where the Note is held in connection with the trade.

#### **Capital Gains Tax**

A holder of the Notes who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held will not be liable to capital gains tax on the disposal of the Notes (including redemptions for cash or by way of exchange for shares).

#### **Stamp Duty**

No stamp duty will be payable on the issue of the Notes provided that such Notes do not represent a charge or encumbrance on property situated in Ireland. No stamp duty will be payable on the transfer of the Notes by delivery. In the event of a written transfer of Notes no stamp duty is chargeable provided that the Notes:

- (a) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such right;
- (b) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
- (c) are issued for a price which is not less than 90 per cent. of their nominal value (thus bonds issued at a discount may not qualify for this exemption); and
- (d) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any instrument or other document relating to the Notes.

#### **Capital Acquisitions Tax**

A gift or inheritance of the Notes will be within the charge to Irish Capital Acquisitions Tax if at the relevant date:

- (a) the disponent (generally the person making the gift or inheritance of the Notes) is resident or ordinarily resident in Ireland; or
- (b) the beneficiary is resident or ordinarily resident in Ireland; or
- (c) the Notes are regarded as Irish property.

A foreign domiciled person will generally be regarded as resident or ordinarily resident only if that person was resident in Ireland for the five consecutive tax years immediately preceding the year in which the gift or inheritance was taken and that person is either resident or ordinarily resident in Ireland on the relevant date.

The Notes (for so long as they remain in bearer form) will not be regarded as situated in Ireland unless they are physically located in Ireland or, if registered, there is a register of such Notes in Ireland.

**Savings Directive**

The Savings Directive has been enacted into Irish legislation. Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a “residual entity” then that interest payment is a “deemed interest payment” of the “residual entity” for the purpose of this legislation. A “residual entity”, in relation to “deemed interest payments”, must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the “deemed interest payments”.

**Residual entity** means a person or undertaking established in Ireland or in another Member State or in an “associated territory” to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 8 5/61 1/EC, or it is such an entity or it is an equivalent entity established in an “associated territory”, or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Savings Tax Directive. Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an “associated territory” and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an “associated territory”, applies since 1 July 2005. For the purposes of these paragraphs “associated territory” means Andorra, Liechtenstein, Monaco, San Marino, the Swiss Confederation, Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands.

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

**TAXATION IN LUXEMBOURG**

*The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

**Withholding Tax****(a) Non-resident holders of Notes**

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

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant

paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 35 per cent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

**(b) Resident holders of Notes**

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

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to a withholding tax of 10 per cent.

**TAXATION IN THE FEDERAL REPUBLIC OF GERMANY**

*The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.*

*As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Notes as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.*

*Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.*

**Tax Residents**

The section “Tax Residents” refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

*Withholding tax on ongoing payments and capital gains*

Ongoing income received by persons or entities holding the Notes as private assets will be subject to German withholding tax if the sale of the Notes is effected through or the Notes are kept in a custodial account with or administrated by a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*) and such Disbursing Agent credits or pays out the income. The tax rate is 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon, the total withholding being 26.375 per cent.). If the private Noteholder is subject to church tax, a church tax surcharge may also be withheld.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by a private Noteholder. Where Notes are issued in a currency other than Euro any currency gains or losses are part of the capital gains. If interest coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the

disposition are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or interest claims if the Notes have been disposed of separately.

In case of a physical settlement, generally the delivery of the underlying securities may be seen as taxable disposition of the Notes and acquisition of the securities. The current value of the delivered securities at the date of the exchange will be regarded as proceeds from the disposal. However, in case of a physical settlement of certain Notes which fulfill certain legal requirements and grant the relevant Issuer or the private Noteholder the right to opt for physical delivery of underlying securities instead of a money payment, the acquisition costs of the Notes may be regarded as proceeds from the disposal, redemption, repayment or assignment of the Notes and hence as acquisition costs of the underlying securities received by the private Noteholder upon physical settlement; any consideration received by the Noteholders in addition to the underlying securities may be subject to withholding tax. To the extent the provision mentioned above is applicable, generally no withholding tax has to be withheld by the Disbursing Agent upon physical settlement as such exchange of the Notes into the underlying securities does not result in a taxable gain for the private Noteholder. However, withholding tax may then apply to any gain resulting from the disposal, redemption, repayment or assignment of the securities received in exchange for the Notes. In this case, the gain will be the difference between the proceeds from the disposal, redemption, repayment or assignment of the underlying securities and the acquisition costs of the Notes (after deduction of expenses related directly to the disposal, if any).

To the extent the Notes have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge) on 30 per cent. of the disposal proceeds (plus interest accrued on the Notes (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the Savings Directive (e.g. Switzerland or Andorra).

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment especially losses realised by the private Noteholder via the Disbursing Agent (e.g. losses from sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the private Noteholder in the custodial account with the Disbursing Agent.

Private Noteholders may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly) for all investment income received in a given year. Upon the private Noteholder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. The deduction of the actual income related expenses, if any, is excluded. No withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Notes form part of a trade or business, subject to further requirements being met.

### *Taxation of current income and capital gains*

The personal income tax liability of a private Noteholder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process or if the withholding tax on disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), the private Noteholder must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge and church tax thereon, where applicable). Further, a private Noteholder may request that all investment income of a given year is taxed at his or her lower

private tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemised basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the private Noteholder realised in the same or the following years. Any losses realised upon the disposal of shares in stock corporations received in exchange for the Notes can only be offset against capital gains deriving from the disposal of shares.

Where Notes form part of a trade or business or the income from the Notes qualifies as income from the letting and leasing of property the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes form part of a trade or business, interest (accrued) must be taken into account as income. Where Notes qualify as zero bonds and form part of a trade or business, each year the part of the difference between the issue or purchase price and the redemption amount attributable to such year must be taken into account. The respective Noteholder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Noteholder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Noteholder. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax. Generally the deductibility of capital losses from the Notes which qualify for tax purposes as contracts for difference is limited. These losses may only be applied against profits from other contracts for difference derived in the same or, subject to certain restrictions, the previous year. Otherwise these losses can be carried forward indefinitely and applied against profits from contracts for difference in subsequent years.

In the case of physically settled Notes, that form part of a trade or business, the delivery of the underlying securities would be seen as taxable disposition of the Notes and the corresponding capital gain will be taxable. Special limitations may apply to losses from the disposal of an underlying which is a share in a corporation.

**Non-residents**

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (a) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or (b) the income otherwise constitutes German-source income. In cases (a) and (b) a tax regime similar to that explained above under "*Tax Residents*" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Note or an interest coupon are paid by a Disbursing Agent to a non-resident upon delivery of the Notes or interest coupons, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

**Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

**Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

**Savings Directive**

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the EU Savings Directive into German law. These provisions apply from 1 July 2005.

**TAXATION IN AUSTRIA**

*The following summary does not purport to be a comprehensive description of all Austrian tax considerations that may be relevant for the decision to acquire, to hold, and to dispose of the Notes and does not constitute legal or tax advice. The summary is based on Austrian tax law and practice and official interpretation currently in effect, all of which are subject to change. Future legislative, judicial or administrative changes could modify the tax treatment described below and could affect the tax consequences for investors (also with retroactive effect). Prospective investors should consult their own independent advisers as to the implications of their subscribing for, purchasing, holding, exchanging or disposing of the Notes under the laws of the jurisdictions in which they may be subject to tax (especially, but not limited to, the tax consequences relating to Index-Linked Notes, Equity-Linked Notes, Cash-or-Share Notes, Variable Rate Notes, Inverse Floating Rate Notes, Target Redemption Notes, Credit-Linked Notes, Instruments issued at a substantial discount or premium, Zero Coupon Notes, Currency Risk/Dual Currency Notes or Step-up/step-down Notes). The discussion of certain Austrian taxes set forth below is included for information purposes only.*

This summary of Austrian tax issues is based on the assumption that the Notes are legally and actually publicly offered. Further this summary assumes that the Notes do not qualify as equity for Austrian tax purposes. The tax consequences may substantially differ if the Notes are qualified as equity instruments or (in particular if issued by a non-Austrian entity) units in a non-Austrian investment fund within the meaning of § 42(1) of the Austrian Investment Fund Act 2003 (*Investmentfondsgesetz 2003, InvFG 2003*).

**Austrian tax resident individual investors**

Interest, capital gains and income from derivatives under the Notes realised by an investor resident in Austria for tax purposes are subject to Austrian income tax generally at a special tax rate of 25 per cent.

If interest is paid by an Austrian paying agent (e.g. an Austrian credit institution or Austrian issuer) withholding tax at a rate of 25 per cent. is triggered. In relation to capital gains and income from derivatives withholding tax at a rate of 25 per cent. is triggered if the Notes are deposited with an Austrian depository (e.g. an Austrian credit institution or Austrian branch of a non-Austrian credit institution) or if the payments are made by an Austrian paying agent provided the non-Austrian depository is a non-Austrian branch or group company of such Austrian paying agent and processes the payment in cooperation with the Austrian paying agent. In the absence of an Austrian paying agent or depository the investor must include interest, capital gains or income from derivatives in the income tax return and such income is taxed at a rate of 25 per cent. Capital gains and income from derivatives need to be included in the income tax return if realised as business income or employment income. An investor may apply for taxation at the progressive income tax rate. A deduction of expenses that are directly economically connected to income subject to the special tax rate of 25 per cent. is generally not allowed.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to Austria's loss of taxation right regarding the Securities vis-à-vis other countries, e.g. a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. sec. 27(6)(1) of the Austrian Income Tax Act).

A private individual investor holding the Notes as a non-business asset may file an application to offset losses from the Securities in the course of the tax assessment, however, limitations apply pursuant to which capital losses and negative income from derivatives may not be set-off against interest income from savings accounts and similar claims against credit institutions, from participations as a silent partner, income from Austrian or foreign private law foundations and comparable legal estates or other income categories (*Einkunftsarten*). Further, losses from Notes that qualify for the 25 per cent. tax rate may not be offset against income from Notes which do not qualify for the 25 per cent. tax rate (e.g. securities that were legally or actually not publicly offered).

As of 1 January 2013 an Austrian depository, if any, has to offset losses arising on the deposits of a private individual investor subject to and in accordance with the provisions of § 93(6) Austrian Income Tax Act (*Einkommensteuergesetz, EStG*) as well as to offset losses realised between 1 April 2012 and 31 December 2012 retroactively subject to and in accordance with the provisions of § 124b(207) EStG.

In the case of individual investors holding the Notes as business assets, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of

25 per cent., are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

### **Austrian private foundation**

Private foundations pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in § 13(3) and § 13(6) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz, KStG*) and holding Notes as a non-business asset are subject to interim taxation at a rate of 25 per cent. (which is, however, not levied in case the private foundation makes distributions to beneficiaries which are, *inter alia*, subject to Austrian withholding tax) with interest income, income from realised capital gains and income from derivatives. Under the conditions set forth in § 94(12) EStG no withholding tax is levied.

### **Austrian tax resident corporate investor**

A corporation subject to unlimited corporate income tax liability in Austria will be subject to Austrian corporate income tax at a rate of 25 per cent. A corporation may file an exemption declaration in order to avoid that Austrian withholding tax is levied. Tax losses may generally be offset against all other income. Tax loss carry forwards are generally possible.

### **Non-Austrian tax resident investors**

Pursuant to § 98 EStG, interest, capital gains and income from derivatives received under the Notes by a non-resident investor for tax purposes are not subject to Austrian (corporate) income tax unless attributable to an Austrian located permanent establishment. An Austrian paying agent or depository may abstain from levying 25 per cent. withholding tax under the conditions set forth in § 94 (13) EStG.

### **Austrian EU-Source Tax Act**

Under the Austrian EU-Source Tax Act (*EU-Quellensteuergesetz, EU-QuStG*; implementing Council Directive 2003/48/EC of 3 June 2003), interest paid by an Austrian paying agent to an individual beneficial owner resident in another EU member state (or in certain dependent or associated territories) is subject to EU source tax at a rate of 35 per cent. Interest within the meaning of the EU-QuStG is, among others, interest paid or credited to an account, relating to debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.

An exemption from EU source taxation applies, among others, if the beneficial owner of the interest forwards to the Austrian paying agent documentation issued by the tax office where the tax payer is resident, stating (i) the beneficial owner's name, address and tax or other identification number (in the absence of a tax or other identification number the beneficial owner's date and place of birth), (ii) the paying agent's name and address (iii) the beneficial owner's account number (or in the absence of an account number the security identification number). Further, EU source tax is not triggered if interest within the meaning of the EU-QuStG is paid to an institution within the meaning of § 4(2) EU-QuStG resident in another EU Member State and this institution agrees in written form to enter into a simplified information exchange procedure with the Austrian paying agent. Special rules apply to securities the value of which depends directly on the value of a reference underlying. Distinction must be made between securities providing for capital protection to the investor (guaranteed interest is sufficient to constitute a capital protection within the present context) or not (see information of the Austrian Ministry of Finance dated 1 August 2005 for details).

### **Austrian inheritance and gift tax**

Austria does not levy an inheritance and gift tax.

However, certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation entrance tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Entrance Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer *mortis causa*, in particular for bank deposits, publicly placed bonds and portfolio shares (*i.e.*, less than 1 per cent.). The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5 per cent., with a higher rate of 25 per cent. applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of €50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of €15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Entrance Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of penalties of up to 10 per cent. of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Notes can trigger income tax on the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act.

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## Subscription and Sale and Transfer and Selling Restrictions

The Dealers have, in the Tenth Amended and Restated Programme Agreement dated 26 June 2012 (such programme agreement as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuers and (in the case of Guaranteed Notes) the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Parent has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, subject to applicable law, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if the Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

### **TRANSFER RESTRICTIONS**

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will have been deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (iii) it is outside the United States and is not a U.S. person;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (c) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only: (i) to the relevant Issuer or any affiliate thereof; inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (v) pursuant

to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;
- (e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (f) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE RELEVANT ISSUER OR AN AFFILIATE OF THE RELEVANT ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE RELEVANT ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a) (i) outside the United States in compliance with Rule 903 or 904 under the

Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (h) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Form of the Notes*”.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the Prospectus and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Prospectus and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (iv) that the Institutional Accredited Investor is an “institutional accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts’ investment for an indefinite period of time;
- (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

## SELLING RESTRICTIONS

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold, or delivered directly or indirectly 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 same meaning given to them by Regulation S under the Securities Act.

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

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the relevant Issuer is not subject to or does not comply with the reporting requirements of Sections 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes, Credit Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), 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 Notes 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 Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**) following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved

in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and each Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) 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 relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the relevant 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 Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State 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 the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

### United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA (i) (where the Issuer is UniCredit) would not apply to the Issuer if it was not an authorised person, or (ii) (where the Issuer is UniCredit Ireland or UniCredit International Luxembourg) does not apply to the Issuer and would not apply to the Guarantor if it was not an authorised person; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### Republic of Italy

As long as the relevant offering of the Notes has not been registered pursuant to Italian securities legislation, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as referred to in 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 Regulation No. 11971.

In any event, any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 as amended (the **Italian Banking Act**); and
- (ii) 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
- (iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or other Italian authority.

*Investors should also note that in connection with the subsequent distribution of Notes (with a minimum denomination lower than €100,000 or its equivalent in another currency) in the Republic of Italy, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the intermediaries transferring the Notes being liable for any damages suffered by investors.*

#### **Ireland**

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to further represent and agree) that:

- (a) it has not offered or sold and will not offer or sell any Notes except in conformity with the provisions of the Prospectus Directive and, where applicable, implementing measures in Ireland and the provisions of the Companies Acts 1963 to 2009 of Ireland and every other enactment that is to be read together with any of those Acts;
- (b) in respect of Notes issued by UniCredit Ireland which are not listed on a stock exchange and which do not mature within two years its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction, it will not knowingly offer to sell such Notes to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes. In addition, such Notes must be cleared through Euroclear, Clearstream, Luxembourg, or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners) and have a minimum denomination of €500,000 or its equivalent at the date of issuance;
- (c) in respect of Notes issued by UniCredit Ireland which are not listed on a stock exchange and which mature within two years, such Notes must have a minimum denomination of €500,000 or U.S.\$500,000 or, in the case of Notes which are denominated in a currency other than euros or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this Programme). In addition, such Notes must be cleared through Euroclear, Clearstream, Luxembourg or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners);
- (d) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (e) it has complied and will comply with all applicable provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland, as amended, with respect to

anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and is acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 and it has complied with any applicable codes of conduct or practice made pursuant to implementing measures in respect of the foregoing Directive in any relevant jurisdiction; and

- (f) it has not offered or sold and will not offer or sell any Notes other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

### France

Each of the Dealers and each of the Issuers has represented and agreed that:

- (a) **Offer to the public in France:**  
it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des Marchés financiers* (AMF), on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the base prospectus all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or
- (b) **Private Placement in France:**  
it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

### Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the FIEA) and accordingly each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### The Federal Republic of Germany

The Notes may only be offered in Germany in compliance with the Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable German laws.

### Luxembourg

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

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds

and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF as competent authority in Luxembourg in accordance with the Prospectus Directive.

### **Austria**

In addition to the cases described in the Public Offer Selling Restrictions under the Prospectus Directive in which the Notes may be offered to the public in an EEA Member State (including Austria), the Notes may be offered to the public in Austria only:

- (i) if the following conditions have been satisfied:
  - (a) the Base Prospectus, including any supplements but excluding any Final Terms, which has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) (the **FMA**) or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive, has been published at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public; and
  - (b) the applicable Final Terms for the Notes have been published on or prior to the date of commencement of the relevant offer of the Notes to the public; and
  - (c) a notification with the Oesterreichische Kontrollbank Aktiengesellschaft, all as prescribed by the Capital Market Act 1991 (*Kapitalmarktgesetz 1991*), as amended (the **CMA**), has been filed at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public; or
- (ii) otherwise in compliance with the CMA.

For the purposes of this Austrian selling restriction, the expression **an offer of the Notes to the public** means the communication to the public in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

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# General Information

## **AUTHORISATION**

The establishment of the Programme and, in the case of the Guarantor, the giving of the Guarantee, have been duly authorised by the resolutions of the Board of Directors of UniCredit dated 2 May 2000 and of the Board of Directors of UniCredit Ireland dated 9 November 2000. Entry into the Programme was duly authorised by the resolutions of the Board of Directors of UniCredit International Luxembourg dated 19 May 2011. The update of the Programme, including the giving of the Guarantee, was duly authorised by the resolutions of the Board of Directors of UniCredit dated 29 May 2012, the Programmes Committee of the Directors of UniCredit Ireland dated 21 June 2012 and the Board of Directors of UniCredit International Luxembourg dated 4 June 2012.

## **APPROVAL, LISTING AND ADMISSION TO TRADING**

Application has been made to the CSSF to approve this document as three base prospectuses. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange 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 the Markets in Financial Instruments Directive 2004/39/EC.

## **DOCUMENTS AVAILABLE**

For so long as the Notes issued under the Programme will be listed in Luxembourg, copies of the following documents will, when published, be available from the registered office of the relevant Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the memorandum and articles of association (with an English translation where applicable) of each of the Issuers;
- (b) the audited consolidated financial statements of UniCredit as at and for the financial years ended 31 December 2010 and 2011 (with an English translation thereof);
- (c) the audited non-consolidated financial statements of UniCredit Ireland as at and for the financial year ended 31 December 2010 and audited non-consolidated financial statements of UniCredit Ireland as at and for the financial year ended 31 December 2011;
- (d) the audited consolidated financial statements of UniCredit International Luxembourg as at and for the financial years ended 31 December 2010 and 31 December 2011 (with an English translation thereof); and
- (e) the latest unaudited consolidated interim accounts of UniCredit (with an English translation thereof).

UniCredit currently prepares audited consolidated and non-consolidated financial statements on an annual basis and unaudited consolidated financial statements on a quarterly and semi-annual basis.

UniCredit Ireland currently prepares audited non-consolidated financial statements on an annual basis and unaudited non-consolidated financial statements on a semi-annual basis.

UniCredit International Luxembourg currently prepares audited consolidated financial statements on an annual basis and does not prepare audited/unaudited consolidated financial statements on a quarterly or semi-annual basis;

- (f) the Programme Agreement, the Agency Agreement, the Trust Deed (containing the terms of the guarantee applicable to the Notes issued by UniCredit Ireland and UniCredit International Luxembourg), the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (g) a copy of this Prospectus;
- (h) any future prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note

and such holder must produce evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of Notes and identity) to this Prospectus and any other documents incorporated herein or therein by reference; and

- (i) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

### **CLEARING SYSTEMS**

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, USA.

### **CONDITIONS FOR DETERMINING PRICE**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **SIGNIFICANT OR MATERIAL CHANGE**

Except as disclosed in this Prospectus under "*Description of UniCredit and the UniCredit Group – Recent Developments*" above, there has been no significant change in the financial or trading position of UniCredit and the Group since 31 March 2012 and there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2011.

There has been no significant change in the financial or trading position of UniCredit Ireland since 31 December 2011 and there has been no material adverse change in the prospects of UniCredit Ireland since 31 December 2011.

There has been no significant change in the financial or trading position of UniCredit International Luxembourg since 31 December 2011 and there has been no material adverse change in the prospects of UniCredit International Luxembourg since 31 December 2011.

### **LITIGATION**

Except as disclosed in this Prospectus and in Note E to the Consolidated Accounts contained in the UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2011, which are incorporated by reference in this Prospectus, none of the Issuers or the 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 relevant Issuer or the 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 relevant Issuer, the Guarantor or the Group.

### **EXTERNAL AUDITORS**

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

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

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

The external auditors have no material interest in UniCredit.

The external auditors of UniCredit Ireland who have audited the annual financial statement for the financial years ended 31 December 2010 and 31 December 2011, and issued their opinions on the financial statements without qualification, in accordance with generally accepted auditing standards in Ireland are KPMG, 1 Harbourmaster Place, Dublin 1, Ireland.

UniCredit Ireland's external auditors are registered auditors with the Institute of Chartered Accountants in Ireland.

The external auditors have no material interest in UniCredit Ireland.

The independent auditors (*réviseur d'entreprises agréé*) of UniCredit International Luxembourg who have audited the annual financial statements as at and for the financial years ended 31 December 2010 and 31 December 2011 without qualification, in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF together with Luxembourg legislation and the Practice Guidelines (*recommandations professionnelles*) issued by the CSSF and the Institut des réviseurs d'entreprises are KPMG Luxembourg S.à r.l, 9, Allée Scheffer, L-2520 Luxembourg.

The statutory auditors have no material interest in UniCredit International Luxembourg.

KPMG Luxembourg S.à r.l, Cabinet de révision agréé is a member of the *Institut des Réviseurs d'Entreprises*.

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

## POST-ISSUANCE INFORMATION

The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities except if required by any applicable laws and regulations.

## DEALERS TRANSACTING WITH ANY OF THE ISSUERS AND THE GUARANTOR

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to any of the Issuers, the Guarantor and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of any of the Issuers, the Guarantor or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers and/or the Guarantor routinely hedge their credit exposure to the Issuers and/or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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**THE ISSUERS**

**UniCredit S.p.A.**  
Via A. Specchi, 16  
00186 Rome  
Italy

**UniCredit Bank Ireland p.l.c.**  
La Touche House  
International Financial Services Centre  
Dublin 1  
Ireland

**UniCredit International Bank (Luxembourg) S.A.**  
8-10 rue Jean Monnet  
L-2180  
Luxembourg

**THE GUARANTOR**

**UniCredit S.p.A.**  
Via A. Specchi, 16  
00186 Rome  
Italy

**THE TRUSTEE FOR THE NOTEHOLDERS**

**Citicorp Trustee Company Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**PRINCIPAL PAYING AGENT AND TRANSFER AGENT**

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**Citigroup Global Markets Deutschland AG**  
Reuterweg 16  
60323 Frankfurt  
Germany

**LUXEMBOURG PAYING AGENT AND TRANSFER AGENT**

**KBL European Private Bankers S.A.**  
43 Boulevard Royal  
L-2955 Luxembourg  
Grand Duchy of Luxembourg

**AUDITORS**

*Auditors of UniCredit*  
**KPMG S.p.A.**  
Via Vittor Pisani, 25  
20124 Milan  
Italy

*Auditors of UniCredit Ireland*  
**KPMG**  
1 Harbourmaster Place  
Dublin 1  
Ireland

*Auditors of UniCredit International Luxembourg*  
**KPMG Luxembourg S.à r.l**  
Cabinet de révision agréé  
9, Allée Scheffer  
L-2520  
Luxembourg

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**LUXEMBOURG LISTING AGENT**

**KBL European Private Bankers S.A.**

43, Boulevard Royal  
L-2955 Luxembourg  
Grand Duchy of Luxembourg

**ARRANGER**

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**CO-ARRANGER**

**UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

**DEALERS**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**

9 quai du Président Paul Doumer  
92920 Paris La Défense Cédex  
France

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**Société Générale**

29 boulevard Haussmann  
75009 Paris  
France

**UBS Limited**

1 Finsbury Square  
London EC2M 2PP  
United Kingdom

**UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

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**LEGAL ADVISERS**

*To the Issuers and the Guarantor  
as to English and Italian law*

**Allen & Overy**  
Corso Vittorio Emanuele II, 284  
00186 Rome  
Italy

*as to Irish law*

**McCann FitzGerald**  
Tower 42  
Level 38C  
25 Old Broad Street  
London EC2N 1HQ  
United Kingdom

*as to Luxembourg law*

**Allen & Overy Luxembourg**  
33 avenue J.F. Kennedy  
L-1855 Luxembourg

*To the Dealers as to English and Italian law*

**Clifford Chance Studio Legale Associato**  
Piazzetta M.Bossi, 3  
20121 Milan  
Italy

*To the Trustee as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

