



**UNICREDIT S.p.A.**

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

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

Under the €60,000,000,000 Euro Medium Term Note Programme (the **Programme**) described in this document (the **Base Prospectus**), UniCredit S.p.A. (**UniCredit** or the **Issuer**) may from time to time issue notes governed by English law (the **English Law Notes**) and notes governed by Italian law (the **Italian Law Notes** and together with the English Law Notes, the **Notes**). The Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or, in the case of English Law Notes, 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.

The Notes may be issued on a continuing basis to UniCredit Bank AG 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 on-going basis. References in this Base 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.

The terms and conditions for the English Law Notes are set out herein in “*Terms and Conditions for the English Law Notes*” and the terms and conditions for the Italian Law Notes are set out herein in “*Terms and Conditions for the Italian Law Notes*”. References to the “Notes” shall be to the English Law Notes and/or the Italian Law Notes, as appropriate and references to the “Terms and Conditions” or the “Conditions” shall be to the Terms and Conditions for the English Law Notes and/or the Terms and Conditions for the Italian Law Notes, as appropriate. For the avoidance of doubt, in “*Terms and Conditions for the English Law Notes*”, references to the “Notes” shall be to the English Law Notes, and in “*Terms and Conditions for the Italian Law Notes*”, references to the “Notes” shall be to the Italian Law Notes.

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

Application has 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 a base prospectus in accordance with Article 5.4 of the Prospectus Directive. **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in a relevant Member State of the European Economic Area (the **EEA**)) and Article 8.4 of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act 2005**). By approving this Base Prospectus, 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 Issuer 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 2014/65/EU) 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 EEA 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.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange’s regulated market and have been admitted to

the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under, as appropriate, "*Terms and Conditions for the English Law Notes*" or under "*Terms and Conditions for the Italian Law Notes*") of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of the Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

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 Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

As more fully set out in "*Terms and Conditions for the English Law Notes – Taxation*" and in "*Terms and Conditions for the Italian Law Notes – Taxation*", in the case of payments by the Issuer, 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 Issuer 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 for the English Law Notes – Taxation*" and in "*Terms and Conditions for the Italian Law Notes – Taxation*".

UniCredit, having made all reasonable enquiries, confirms that this Base 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 Base Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Base Prospectus are honestly held and that there are no other facts the omission of which would make this Base Prospectus or any of such information or the expression of any such opinions or intentions misleading. UniCredit accepts responsibility accordingly.

Certain information under the heading "*Book Entry Clearance Systems*" has been extracted from information provided by the clearing systems referred to therein. UniCredit confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The information relating to each of the Depository Trust Company (**DTC**), Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) has been accurately reproduced from information published by each of DTC, Euroclear and Clearstream, Luxembourg respectively. So far as UniCredit 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 Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

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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 (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation, will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes). Please also refer to “Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes” in the “Risk Factors” section of this Base Prospectus.

Amounts payable under the Floating Rate Notes and/or the Reset Notes may be calculated by reference to certain reference rates such as LIBOR, EURIBOR, CAD-BA-CDOR or CMS, as specified in the relevant Final Terms. As at the date of this Base Prospectus, the ICE Benchmark Administration (as administrator of LIBOR and CMS) and Thomson Reuters Benchmark Services Limited (as administrator of CAD-BA-CDOR) are included in the register of administrators maintained by the European Securities and Markets Authority (**ESMA**) under Article 36 of Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As at the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) is not included in ESMA’s register of administrators under Article 36 of the Benchmarks Regulation.

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrator of EURIBOR is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Amounts payable on Inflation Linked Notes will be calculated by reference to CPI or HICP (each as defined below). As at the date of this Base Prospectus, the administrators of CPI and HICP are not included in ESMA’s register of administrators under Article 36 of the Benchmarks Regulation.

As far as the Issuer is aware, CPI and HICP do not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that Regulation.

The Additional Tier 1 Notes are not intended to be sold and should not be sold to “retail clients” (as defined in Directive 2014/65/EU (as amended, **MiFID II**)) in the European Economic Area (*EEA*) and/or under the Product Intervention (**Contingent Convertible Instruments and Mutual Society Shares**) Instrument 2015 published by the United Kingdom’s Financial Conduct Authority. Potential investors should read the whole of this document, in particular the “Risks relating to Additional Tier 1 Notes” set out on pages 92 to 103 and “Restrictions on marketing, sales and resales of Additional Tier 1 Notes to Retail Investors” set out on page 5.

## ***Arranger and Dealer***

### **UNICREDIT BANK**

**The date of this Base Prospectus is 5 June 2019.**

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## IMPORTANT INFORMATION

This document constitutes a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for UniCredit, being non-equity securities within the meaning of Article 22 No. 6(4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (Non-Equity Securities) (the *Base Prospectus*).

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see “*Documents Incorporated by Reference*”). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base 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 Base Prospectus or of any other information provided by the Issuer 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 Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

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

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Base 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 Issuer, the Dealers or the Trustee.

Neither this Base 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 Issuer, any of the Dealers or the Trustee that any recipient of this Base 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 Issuer. Neither this Base 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 Issuer, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

None of the Dealers, the Issuer or the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date 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 Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention. Investors should review, *inter alia*, the most recently published

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**documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.**

**Restrictions on marketing, sales and resales of Additional Tier 1 Notes to Retail Investors**

The Additional Tier 1 Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Additional Tier 1 Notes to retail investors.

In particular, in June 2015, the UK Financial Conduct Authority published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the **PI Instrument**). In addition: (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (as amended or superseded, the **PRIIPs Regulation**) became directly applicable in all member states of the European Economic Area (**EEA**) and (ii) MiFID II was required to be implemented in EEA member states by 3 January 2018. Together, the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the **Regulations**.

The Regulations set out various obligations in relation to: (i) the manufacture and distribution of financial instruments; and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Additional Tier 1 Notes.

Potential investors in the Additional Tier 1 Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Additional Tier 1 Notes (or any beneficial interests therein), including the Regulations.

Each Dealer (and/or its affiliates) is required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or a beneficial interest in such Additional Tier 1 Notes) from the Issuer and/or any Dealer, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Dealers that:

- (a) it is not a retail client in the EEA (as defined in MiFID II);
- (b) whether or not it is subject to the Regulations, it will not:
  - (i) sell or offer the Additional Tier 1 Notes (or any beneficial interests therein) to retail clients (as defined in MiFID II); or
  - (ii) communicate (including by the distribution of the Base Prospectus or the Final Terms relating to the Additional Tier 1 Notes) or approve any invitation or inducement to participate in, acquire or underwrite the Additional Tier 1 Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (in each case, within the meaning of MiFID II) and in selling or offering the Additional Tier 1 Notes or making or approving communications relating to the Additional Tier 1 Notes it may not rely on the limited exemptions set out in the PI Instrument;
- (c) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Additional Tier 1 Notes (or any beneficial interests therein), including (without limitation) MiFID II and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Additional Tier 1 Notes (or any beneficial interests therein) by investors in any relevant jurisdiction;
- (d) if it is a purchaser in Singapore, it is an accredited investor or an institutional investor as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) and it will not sell or offer the Additional Tier 1 Notes (or any beneficial interest therein) to persons in Singapore other than such accredited investors or institutional investors;
- (e) it will act as principal in purchasing, making or accepting any offer to purchase any Additional Tier 1 Notes (or any beneficial interest therein) and not as an agent, employee or representative of any of the Dealers; and

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- (f) if it is a Hong Kong purchaser, its business involves the acquisition and disposal, or the holding, of securities (whether as principal or as agent) and it falls within the category of persons described as "professional investors" under the Securities and Futures Ordinance (Cap.571) of Hong Kong (the SFO) and any rules made under the SFO.

It further acknowledges that:

- (a) the identified target market for the Additional Tier 1 Notes (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and
- (b) no key information document (KID) under the PRIIPs Regulation has been prepared and therefore offering or selling the Additional Tier 1 Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently, no key information document required by PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MIFID II product governance / target market** – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)** – Unless otherwise stated in the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes), all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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## IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF SENIOR OR SUBORDINATED NOTES

### Restrictions on Non-exempt Offers of Notes in Relevant Member States

Certain Tranches of Senior or Subordinated Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a **Non-exempt Offer**. This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Senior or Subordinated Notes in each Member State in relation to which the Issuer has given its consent, as specified in the applicable Final Terms (each specified Member State a **Non-exempt Offer Jurisdiction** and together the **Non-exempt Offer Jurisdictions**). Any person making or intending to make a Non-exempt Offer of Senior or Subordinated Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" and provided that such person complies with the conditions specified in or attached to that consent.

Save as provided above, none of the Issuer and any Dealer have authorised, nor do they authorise, the making of any Non-exempt Offer of Senior or Subordinated Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Non-Preferred Senior Notes and the Additional Tier 1 Notes shall not be offered in the context of a Non-exempt Offer.

### IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base 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 Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealer(s) and the Trustee do not represent that this Base 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 Issuer, the Dealer(s) or the Trustee (where relevant) which is intended to permit a public offering of any Notes or distribution of this Base 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 Base 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 Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, Japan, Hong Kong, the People's Republic of China, Australia, Taiwan and the EEA (including the United Kingdom, the Republic of Italy, France, the Federal Republic of Germany and Austria). 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 Base Prospectus has not been submitted for clearance to the *Autorité des Marchés financiers* in France.

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## SUITABILITY OF INVESTMENT

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 may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- I. has 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 Base Prospectus or any applicable supplement;
- II. has 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;
- III. has 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;
- IV. understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- V. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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.

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the section entitled "*Risk Factors*" and other sections of this Base Prospectus. The Issuer has based these forward looking statements on the current view of their management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's ability to achieve and manage the growth of its business;
- the performance of the markets in the Issuer's jurisdiction and the wider region in which the Issuer operates;
- the Issuer's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;



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- the Issuer's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
  - changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate; and
  - actions taken by the Issuer's joint venture partners that may not be in accordance with its policies and objectives.

Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

### U.S. INFORMATION

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

This Base Prospectus may be distributed on a confidential basis in the United States to a limited number of "qualified institutional buyers" (**QIBs**) within the meaning of Rule 144A under the Securities Act (**Rule 144A**) 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 U.S. 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 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 for the English Law 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*".

### Available Information

To permit compliance with Rule 144A in connection with any resales or other transfers of English Law Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 5 June 2019 (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 Issuer

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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 Issuer is a corporation organised under the laws of the Republic of Italy. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer 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 the Republic of Italy upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside the Republic of Italy predicated upon civil liabilities of the Issuer or of such directors and officers under laws other than Italian law, including any judgment predicated upon United States federal securities laws.

### **PRESENTATION OF FINANCIAL INFORMATION**

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2017 respectively (together, the **Financial Statements**).

The Issuer's financial years end on 31 December, and references in this Base Prospectus to any specific year are either to the 12-month period ended on 31 December of such year or as of 31 December of such year, as applicable. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

Investors should consult the Issuer should they require a copy of the ISDA 2006 Definitions, the ISDA 2003 Credit Derivatives Definitions or the ISDA 2009 Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions published on 14 July 2009, as applicable.

### **Certain Defined Terms and Conventions**

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in the Terms and Conditions or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

#### **In this Base Prospectus, all references to:**

- **U.S. dollars, U.S.\$ and \$** refer to United States dollars;
- **to Sterling, GBP and £** refer to pounds sterling;
- **Canadian Dollars and C\$** refer to the currency of Canada;
- **euro, Euro and €** refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; and
- **Renminbi, RMB and CNY** refers to the currency of the People's Republic of China. All references to the **PRC** are to the People's Republic of China excluding the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**), the Macau Special Administrative Region of the People's Republic of China and Taiwan.
- References to a **billion** are to a thousand million.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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## Summary of the Programme

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

This Summary contains all the Elements required to be included in a summary for the Senior and Subordinated Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

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

### Section A – Introduction and warnings

Element	Title	
A.1	Warnings	<ul style="list-style-type: none"><li>• This summary should be read as an introduction to the base prospectus dated 5 June 2019 (the <b>Base Prospectus</b>).</li><li>• Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference.</li><li>• Where a claim relating to information contained in the Base Prospectus and the applicable Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</li><li>• Civil liability will attach only to the persons who have tabled this summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</li></ul>
A.2	Consent	<p>[Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Non-exempt Offer.]<sup>1</sup></p> <p>[Not Applicable – the Notes are not being offered to the public as a part of a Non-exempt Offer] [<i>Consent:</i> Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of Notes by the Managers[, <i>[names of specific financial intermediaries listed in final terms,]</i> [and] [each financial intermediary whose name is published on the Issuer’s website (<a href="http://www.unicreditgroup.eu">www.unicreditgroup.eu</a>) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under [the Financial Services and Markets Act 2000, as amended, or other [applicable legislation implementing the Markets in</p>

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<sup>1</sup> Delete this paragraph when preparing an issue specific summary.

Element	Title	
		<p>Financial Instruments Directive (Directive 2004/39/EC)] and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p> <p><i>"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the <b>Notes</b>) described in the Final Terms dated [insert date] (the <b>Final Terms</b>) published by UniCredit S.p.A. (the <b>Issuer</b>). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus), and confirm that we are using the Base Prospectus accordingly."</i></p> <p><b>Offer period:</b> The Issuer's consent referred to above is given for Non-exempt Offers of Notes during [offer period for the issue to be specified here] (the <b>Offer Period</b>).</p> <p><b>Conditions to consent:</b> The conditions to the Issuer's consent (in addition to the conditions referred to above) are that such consent: (a) is only valid during the Offer Period; and (b) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in [Italy] [Luxembourg] [Germany] [and] [Austria].]</p> <p>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. <b>THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.</b></p>

## Section B – Issuer

Element	Title	
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	UniCredit S.p.A. ( <b>UniCredit</b> )
<b>B.2</b>	<b>Domicile/ legal form/ legislation/ country of incorporation</b>	UniCredit is a <i>Società per Azioni</i> incorporated under the laws of the Republic of Italy and domiciled in the Republic of Italy with its registered office at Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy.
<b>B.4b</b>	<b>Trend information</b>	Not Applicable. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.

Element	Title																																						
<b>B.5</b>	<b>Description of the Group</b>		The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Legislative Decree No. 385 of 1 September 1993 as amended (the <b>Italian Banking Act</b> ) under number 02008.1 (the <b>Group</b> or the <b>UniCredit Group</b> ) is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network, with 3,783 branches <sup>2</sup> and 86,232 full time equivalent employees (FTEs) <sup>3</sup> , to its extensive client franchise. UniCredit offers its clients both local and international expertise by providing unparalleled access to market leading products and services in its 14 core markets through its European banking network: Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey. Leveraging on an international network of representative offices and branches, UniCredit serves clients in another 18 countries worldwide.																																				
<b>B.9</b>	<b>Profit forecast or estimate</b>		Not Applicable – No profit forecasts or estimates have been made in the Base Prospectus.																																				
<b>B.10</b>	<b>Audit report qualifications</b>		Not Applicable – No qualifications are contained in any audit or review report included in the Base Prospectus.																																				
<b>B.12</b>	<p style="text-align: center;"><b>Selected historical key financial information:</b></p> <p style="text-align: center;"><i>Income Statement</i></p> <p>The table below sets out summary information extracted from the audited consolidated annual financial statements as at and for each of the financial years ended 31 December 2018 and 31 December 2017 for the UniCredit Group:</p> <table border="1"> <thead> <tr> <th><i>€ millions</i></th><th><b>Year ended 31 December 2018 (*)</b></th><th><b>Year ended 31 December 2017 (**)</b></th><th><b>Year ended 31 December 2017 (***)</b></th></tr> </thead> <tbody> <tr> <td>Operating income of which:</td><td>19,723</td><td>19,941</td><td>19,619</td></tr> <tr> <td>• net interest</td><td>10,856</td><td>10,633</td><td>10,299</td></tr> <tr> <td>• dividends and other income from equity investments</td><td>738</td><td>638</td><td>638</td></tr> <tr> <td>• net fees and commissions</td><td>6,756</td><td>6,695</td><td>6,708</td></tr> <tr> <td>Operating costs</td><td>(10,698)</td><td>(11,338)</td><td>(11,350)</td></tr> <tr> <td>Operating profit (loss)</td><td>9,025</td><td>8,603</td><td>8,268</td></tr> <tr> <td>Profit (loss) before tax</td><td>3,619</td><td>4,148</td><td>4,148</td></tr> <tr> <td>Net profit (loss) attributable to the</td><td>3,892</td><td>5,473</td><td>5,473</td></tr> </tbody> </table>			<i>€ millions</i>	<b>Year ended 31 December 2018 (*)</b>	<b>Year ended 31 December 2017 (**)</b>	<b>Year ended 31 December 2017 (***)</b>	Operating income of which:	19,723	19,941	19,619	• net interest	10,856	10,633	10,299	• dividends and other income from equity investments	738	638	638	• net fees and commissions	6,756	6,695	6,708	Operating costs	(10,698)	(11,338)	(11,350)	Operating profit (loss)	9,025	8,603	8,268	Profit (loss) before tax	3,619	4,148	4,148	Net profit (loss) attributable to the	3,892	5,473	5,473
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<sup>2</sup> Capital Market Day perimeter, retail branches only; excluding Turkey. Data as of 31 March 2019.

<sup>3</sup> Group FTE (full time equivalent), excluding Group Koç/YapiKredi (Turkey). Data as of 31 March 2019.

Element	Title																																						
	Group																																						
	<p>(*) The financial information relating to the financial year ended 31 December 2018 has been extracted from UniCredit's audited consolidated financial statements as of and for the year ended 31 December 2018, which have been audited by Deloitte &amp; Touche S.p.A., UniCredit's external auditors.</p> <p>(**) The comparative figures as at 31 December 2017 in this column have been restated. The amounts related to year 2017 differ from the ones published in the "2017 Consolidated Reports and Accounts".</p> <p>(***) As published in "2017 Consolidated Reports and Accounts".</p> <p>The figures in this table refer to the reclassified income statement.</p> <p>The table below sets out summary information extracted from the unaudited consolidated interim report as at 31 March 2019 – Press Release of UniCredit and the unaudited consolidated interim report as at 31 March 2018 – Press Release of UniCredit:</p> <table> <tr> <th><i>€ millions</i></th><th><b>31 March 2019</b> (****)</th><th><b>31 March 2018</b> (*****)</th><th><b>31 March 2018</b> (*****)</th></tr> <tr> <td>Operating income of which:</td><td>4,952</td><td>5,105</td><td>5,114</td></tr> <tr> <td>• net interest</td><td>2,649</td><td>2,630</td><td>2,636</td></tr> <tr> <td>• dividends and other income from equity investments</td><td>170</td><td>189</td><td>189</td></tr> <tr> <td>• net fees and commissions</td><td>1,655</td><td>1,747</td><td>1,750</td></tr> <tr> <td>Operating costs</td><td>-2,614</td><td>-2,728</td><td>-2,738</td></tr> <tr> <td>Operating profit</td><td>2,338</td><td>2,376</td><td>2,376</td></tr> <tr> <td>Profit (loss) before tax</td><td>2,047</td><td>1,389</td><td>1,389</td></tr> <tr> <td>Net profit (loss) attributable to the Group</td><td>1,387</td><td>1,112</td><td>1,112</td></tr> </table> <p>(****) The financial information relating to 31 March 2019 has been extracted from UniCredit's unaudited Consolidated Interim Report as at 31 March 2019 – Press Release.</p> <p>(*****) In 2019 Reclassified income statement, comparative figures as at 31 March 2018 have been restated.</p> <p>(***** As published in "UniCredit Unaudited Consolidated Interim Report as at 31 March 2018 – Press Release".</p>			<i>€ millions</i>	<b>31 March 2019</b> (****)	<b>31 March 2018</b> (*****)	<b>31 March 2018</b> (*****)	Operating income of which:	4,952	5,105	5,114	• net interest	2,649	2,630	2,636	• dividends and other income from equity investments	170	189	189	• net fees and commissions	1,655	1,747	1,750	Operating costs	-2,614	-2,728	-2,738	Operating profit	2,338	2,376	2,376	Profit (loss) before tax	2,047	1,389	1,389	Net profit (loss) attributable to the Group	1,387	1,112	1,112
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Element	Title																																																		
	<p>The figures in this table refer to the reclassified income statement</p> <p style="text-align: center;"><b><i>Statement of Financial Position</i></b></p> <p>The table below sets out summary information extracted from UniCredit Group's consolidated audited statement of financial positions as at and for each of the financial years ended 31 December 2018 and 31 December 2017:</p> <table> <tr> <th><i>€ millions</i></th><th><b>Year ended 31 December 2018 (*)</b></th><th><b>Year ended 31 December 2017 (**)</b></th><th><b>Year ended 31 December 2017 (***)</b></th></tr> <tr> <td>Total assets</td><td>831,469</td><td>836,790</td><td>836,790</td></tr> <tr> <td>Financial assets held for trading</td><td>65,231</td><td>74,686</td><td>74,686</td></tr> <tr> <td>Loans and receivables with customers</td><td>471,839</td><td>438,895</td><td>447,727</td></tr> <tr> <td>of which:</td><td></td><td></td><td></td></tr> <tr> <td>• Non-Performing loans (****)</td><td>14,903</td><td>21,112</td><td>21,192</td></tr> <tr> <td>Financial liabilities held for trading</td><td>43,111</td><td>55,784</td><td>55,784</td></tr> <tr> <td>Deposits from customers and debt securities in issue</td><td>560,141</td><td>561,498</td><td>561,498</td></tr> <tr> <td>of which:</td><td></td><td></td><td></td></tr> <tr> <td>• deposits from customers</td><td>478,988</td><td>462,895</td><td>462,895</td></tr> <tr> <td>• securities in issue</td><td>81,153</td><td>98,603</td><td>98,603</td></tr> <tr> <td>Group Shareholders' Equity</td><td>55,841</td><td>59,331</td><td>59,331</td></tr> </table> <p>(*) The financial information relating to the financial year ended 31 December 2018 has been extracted from UniCredit's audited consolidated financial statements as of and for the year ended 31 December 2018, which have been audited by Deloitte &amp; Touche S.p.A., UniCredit's external auditors.</p> <p>(**) The comparative figures as at 31 December 2017 in this column have been restated. The amounts related to year 2017 differ from the ones published in the "2017 Consolidated Reports and Accounts".</p> <p>(***) As published in the "2017 Consolidated Reports and Accounts".</p> <p>(****) The perimeter of Impaired loans is substantially equivalent to the perimeter of EBA NPE exposures. Unlike the figures as at 31 December 2017, the figures as at 31 December 2018 apply the IFRS9 accounting principle and the exclusion of "Interessi di mora" components. The figures as at 31 December 2017 have been restated and differ from the ones published in the "2017 Consolidated Reports and Accounts" due to the exclusion of the debt securities.</p>			<i>€ millions</i>	<b>Year ended 31 December 2018 (*)</b>	<b>Year ended 31 December 2017 (**)</b>	<b>Year ended 31 December 2017 (***)</b>	Total assets	831,469	836,790	836,790	Financial assets held for trading	65,231	74,686	74,686	Loans and receivables with customers	471,839	438,895	447,727	of which:				• Non-Performing loans (****)	14,903	21,112	21,192	Financial liabilities held for trading	43,111	55,784	55,784	Deposits from customers and debt securities in issue	560,141	561,498	561,498	of which:				• deposits from customers	478,988	462,895	462,895	• securities in issue	81,153	98,603	98,603	Group Shareholders' Equity	55,841	59,331	59,331
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Element	Title		
	The figures in this table refer to the reclassified balance sheet.		
	The table below sets out summary information extracted from the unaudited consolidated interim report as at 31 March 2019 – Press Release of UniCredit and the unaudited consolidated interim report as at 31 March 2018 – Press Release of UniCredit:		
	€ million	31 March 2019 (*****)	31 March 2018 (*****)
	Total assets	847,663	823,978
	Financial assets held for trading	67,135	80,324
	Loans to customers	471,653	441,783
	of which:		
	• Non-Performing loans	14,370	17,698
	Financial liabilities held for trading	41,879	48,685
	Deposits from customers and debt securities in issue	557,797	550,328
	of which:		
	• deposits from customers	473,514	456,959
• debt securities in issue	84,283	93,369	
Group Shareholders' Equity	57,851	56,950	
(*****)	The financial information relating to 31 March 2019 has been extracted from UniCredit’s unaudited Consolidated Interim Report as at 31 March 2019 – Press Release.		
(*****)	As published in “UniCredit Unaudited Consolidated Interim Report as at 31 March 2018 – Press Release”.		
The figures in this table refer to the reclassified balance sheet.			
Statements of no significant or material adverse change			
There has been no significant change in the financial or trading position of UniCredit and the Group since 31 March 2019.			
There has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2018.			
B.13	Events impacting the Issuer’s solvency		Not Applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	Dependence upon other group entities		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

Element	Title																						
			<p>companies.</p> <p>Please also see Element B.5 above.</p>																				
<b>B.15</b>	<b>Principal activities</b>		<p>UniCredit, as a bank which undertakes management and co-ordination activities for the UniCredit Group, pursuant to the provisions of Article 61 of 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 the requirements laid down by the supervisory authorities in the interest of the banking group's stability.</p>																				
<b>B.16</b>	<b>Controlling shareholders</b>		<p>Not Applicable – No individual or entity controls the Issuer within the meaning provided for in Article 93 of Legislative Decree No. 58 of 24 February 1998 (the <b>Financial Services Act</b>), as amended.</p>																				
<b>B.17</b>	<b>Credit ratings</b>		<p>UniCredit S.p.A. has been rated:</p> <table> <tr> <th>Description</th><th>Standard &amp; Poor's</th><th>Moody's</th><th>Fitch ratings</th></tr> <tr> <td>Short Term Counterparty Credit Rating</td><td>A-2</td><td>P-2</td><td>F2</td></tr> <tr> <td>Long Term Counterparty Credit Rating</td><td>BBB</td><td>Baa1</td><td>BBB</td></tr> <tr> <td>Outlook</td><td>negative</td><td>stable</td><td>negative</td></tr> <tr> <td>Tier II Subordinated Debt</td><td>BB+</td><td>Ba1</td><td>BBB-</td></tr> </table> <p>[The Notes [have been/are expected to be] rated <i>[specify rating(s) of Tranche being issued]</i> by <i>[specify rating agent(s)]</i>.]</p> <p>[[Each of] <i>[specify rating agent(s)]</i> is established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies as amended from time to time (the CRA Regulation) as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the ESMA webpage).]</p> <p>[No ratings have been assigned to the Notes at the request of or with the co-operation of the Issuer in the rating process.]</p>	Description	Standard & Poor's	Moody's	Fitch ratings	Short Term Counterparty Credit Rating	A-2	P-2	F2	Long Term Counterparty Credit Rating	BBB	Baa1	BBB	Outlook	negative	stable	negative	Tier II Subordinated Debt	BB+	Ba1	BBB-
Description	Standard & Poor's	Moody's	Fitch ratings																				
Short Term Counterparty Credit Rating	A-2	P-2	F2																				
Long Term Counterparty Credit Rating	BBB	Baa1	BBB																				
Outlook	negative	stable	negative																				
Tier II Subordinated Debt	BB+	Ba1	BBB-																				

## Section C – Securities

Element	Title	
C.1	<b>Description of Notes/ISIN</b>	<p>The Notes to be issued may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Inflation Linked Interest Notes or CMS Linked Interest Notes.</p> <p>The Notes are [ ] per cent. [Fixed Rate/Floating Rate/Zero Coupon/Inflation Linked Interest Notes/CMS Linked Interest][ ] [Extendible] Notes due [ ].</p> <p>International Securities Identification Number (ISIN): [ ]</p> <p>Common Code: [ ]</p> <p>[CUSIP: [ ]]</p> <p>[CINS: [ ]]</p> <p>[specify other identification code]]</p> <p>[The Notes will be consolidated and form a single series with [identify earlier Tranches] on [the Issue Date/ exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [date]]].</p>
C.2	<b>Currency</b>	<p>Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.</p> <p>The currency of this Series of Notes is [Pounds Sterling (£)/Euro (€)/U.S. dollars (U.S.\$)/Canadian Dollars (C\$)/Renminbi (CNY), which is the currency of the People's Republic of China/Other ([ ])].</p>
C.5	<b>Restrictions on transferability</b>	The Notes may not be transferred prior to the Issue Date.
C.8	<b>Rights attached to the Notes, including ranking and limitations on those rights</b>	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p><b>Governing law</b></p> <p>The rights of the investors in connection with the Notes and any non-contractual obligations will be governed by [English][Italian] law[, except for the right of the investors in connection with the status of the Subordinated Notes [and the Contractual Recognition of Statutory Bail-In Powers] and any non-contractual obligations arising out thereof which shall be governed by, and construed in accordance with, Italian law].</p>

Element	Title	
		<p><b>Status[ and Subordination]</b></p> <p>[[<i>Insert in the case of Senior Notes</i>]The Notes issued on a Senior basis constitute direct, unconditional, unsecured and unsecured obligations of the Issuer ranking (subject to any obligations preferred by applicable law) <i>pari passu</i> with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including Non-Preferred Senior Notes and any further obligations subsequently permitted by law to rank junior to the Senior Notes following the Issue Date), if any) of the Issuer, present and future and <i>pari passu</i> and rateably without any preference among themselves.</p> <p>Redemption or purchase of Senior Notes might be subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the MREL or TLAC Requirements (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes at such time as eligible liabilities available to meet the MREL or TLAC Requirements)</p> <p><b>MREL or TLAC Requirements</b> means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss-absorbing capacity instruments applicable to the Issuer and/or the Group, from time to time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy, a relevant Competent Authority, a Relevant Resolution Authority or the European Banking Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;]</p> <p>[[<i>Insert in the case of Subordinated Notes</i>]The Notes issued on a Subordinated basis constitute direct, unconditional, unsecured and subordinated obligations of UniCredit and rank after unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of UniCredit and after all creditors of UniCredit holding instruments which are less subordinated than the relevant Subordinated Notes but at least <i>pari passu</i> without any preferences among themselves and with all other present and future 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.]</p>

Element	Title	
		<p>[[Insert in the case of Subordinated Notes] Early redemption may occur only at the option of UniCredit and with the prior approval of the relevant Competent Authority.]</p> <p>This Series of the Notes is issued on a [Senior/Subordinated] basis.</p> <p>[[Insert in the case of Senior Notes] Each holder of a Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Note.]</p> <p>[[Insert in the case of Subordinated Notes] Each holder of a 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 or otherwise, in respect of such Note.]</p> <p><b>Events of default</b></p> <p>[The terms of the [Senior / Subordinated] Notes will contain, among others, the following event of default:</p> <ul style="list-style-type: none"> <li>• UniCredit becoming subject to <i>Liquidazione Coatta Amministrativa</i> as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy (as amended from time to time);</li> </ul> <p>upon the occurrence of the above, [ (in the case of English Law Notes only) 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)] [ (in the case of Italian Law Notes only) any holder of the Notes may, by written notice at the specified office of the Principal Paying Agent,] give notice to the Issuer and that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest.]</p> <p><b>Contractual recognition of statutory bail-in powers</b></p> <p>By the acquisition of the Notes, each holder of a Note acknowledges and agrees to be bound by the exercise of any bail-in power by the relevant resolution authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the relevant resolution authority of such bail-in power. Each holder of a Note further agrees that the rights of the holders of the Notes are subject to, and will be varied if necessary so as to give effect to, the exercise of any bail-in power by the relevant resolution authority.</p>

Element	Title	
		<p>The exercise of the bail-in power by the relevant resolution authority with respect to the Notes shall not constitute an event of default and the terms and conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the relevant resolution authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group entities incorporated in the relevant member state.</p> <p><b>Meetings</b></p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b><i>[Insert in the case of English Law Notes]</i> Substitution and Variation</b></p> <p><i>[Insert in the case of Senior Notes which are English Law Notes]</i> If (i) at any time a MREL or TLAC Disqualification Event occurs and is continuing in relation to any Series of Senior Notes which are English Law Notes or (ii) in order to ensure the effectiveness and enforceability of paragraph “<i>Contractual recognition of statutory bail-in powers</i>” above, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the holders of the Senior Notes of that Series), at any time either substitute all (but not some only) of such Senior Notes, or vary the terms of such Senior Notes so that they remain or, as appropriate, become, Qualifying Senior Notes provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.</p> <p>Qualifying Senior Notes are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of paragraph “<i>Contractual recognition of statutory bail-in powers</i>” above, have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Senior Notes.</p> <p><b>Bail-in Power</b> means any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of</p>

Element	Title	
		<p>any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;</p> <p><b>BRRD</b> means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time;</p> <p><b>Competent Authority</b> means the Bank of Italy and/or, to the extent applicable in any relevant situation, the European Central Bank or any successor or replacement entity to either, or other authority having primary responsibility for the prudential oversight and supervision of UniCredit or the Group and/or, as the context may require, the "resolution authority" or the "competent authority" as defined under BRRD and/or SRM Regulation.</p> <p><b>CRD IV</b> means, taken together (i) the CRD IV Directive, (ii) the CRD IV Regulation, and (iii) the Future Capital Instruments Regulations;</p> <p><b>CRD IV Directive</b> means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended or replaced from time to time;</p> <p><b>CRD IV Regulation</b> means Regulation (EU) No. 2013/575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended or replaced from time to time;</p> <p><b>EC Proposals</b> means the amendments proposed to the CRD IV Directive, the CRD IV Regulation and BRRD published by the European Commission on 23 November 2016;</p> <p><b>Future Capital Instruments Regulations</b> means any regulatory capital rules or regulations introduced after the Issue Date by the Competent Authority or which are otherwise applicable to the Issuer (on a solo or, if relevant, consolidated basis), which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer (on a consolidated basis) to the extent required by (i) the CRD IV Regulation or (ii) the CRD IV Directive;</p> <p><b>Group</b> and <b>UniCredit Group</b> means the UniCredit Banking 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;</p>

Element	Title	
		<p><b>Group Entity</b> means UniCredit or any legal person that is part of the UniCredit Group;</p> <p><b>MREL or TLAC Disqualification Event</b> means that, at any time, all or part of the aggregate outstanding nominal amount of such Series of Notes is or will be excluded fully or partially from eligible liabilities available to meet the MREL or TLAC Requirements, provided that: (a) the exclusion of a Series of Senior Notes or of Non-Preferred Senior Notes from the MREL or TLAC Requirements due to the remaining maturity of such Notes being less than any period prescribed thereunder, does not constitute a MREL or TLAC Disqualification Event; (b) the exclusion of all or some of a Series of Senior Notes from the MREL or TLAC Requirements due to there being insufficient headroom for such Senior Notes within a prescribed exception to the otherwise applicable general requirements for eligible liabilities does not constitute a MREL or TLAC Disqualification Event; and (c) the exclusion of all or some of a Series of Senior Notes or of Non-Preferred Senior Notes from the MREL or TLAC Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer, does not constitute a MREL or TLAC Disqualification Event;</p> <p><b>MREL or TLAC Requirements</b> means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss-absorbing capacity instruments applicable to the Issuer and/or the Group, from time to time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy, a relevant Competent Authority, a Relevant Resolution Authority or the European Banking Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;</p> <p><b>Relevant Regulations</b> means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time (including, but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, CRD IV and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority);</p> <p><b>Relevant Resolution Authority</b> means the Italian resolution authority, the Single Resolution Board (SRB) established</p>



Element	Title	
		<p>pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Bail-in Power from time to time;</p> <p><b>Resolution Power</b> means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation; and</p> <p><b>SRM Regulation</b> means Regulation (EU) No. 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time.</p> <p><i>[Insert in the case of Subordinated Notes]</i> If (i) at any time a Regulatory Event occurs, or (ii) in order to ensure the effectiveness and enforceability of paragraph “<i>Contractual Recognition of Statutory Bail-In Powers</i>” above, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Holders of the Senior Notes or Non-Preferred Senior Notes of that Series), at any time either substitute all (but not some only) of a Series of Subordinated Notes which are English Law Notes, or vary the terms of such Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.</p> <p>Qualifying Subordinated Notes are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of paragraph “<i>Contractual Recognition of Statutory Bail-In Powers</i>” above have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Subordinated Notes.</p> <p><b>Taxation</b></p> <p>All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by the Republic of Italy. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p>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 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 <b>Code</b>) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements</p>

Element	Title	
		<p>thereunder, any official interpretations thereof, or law implementing an intergovernmental approach thereto.</p> <p><b>Prescription</b></p> <p>The Notes (whether in bearer or, in the case of English law Notes, 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 date on which such payment first becomes due.</p>
C.9	Interest/Redemption	<p><b>Interest</b></p> <p>Notes may or may not bear interest. Interest bearing Notes will either bear interest payable at a fixed rate or a floating rate or calculated by reference the relevant inflation Index.</p> <p>[Payments (in respect of principal and interest) in respect of Notes denominated in Renminbi will be made in Renminbi, except in the case where "RMB Currency Event" is specified in the Final Terms and if by reason of a RMB Currency Event, as determined by the Issuer acting in good faith and in a commercially reasonable manner, the Issuer is not able to pay any amount in respect of the Notes, the Issuer's obligation to make payment in Renminbi shall be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate.]</p> <p><b>Interest Rate</b></p> <p>[[<i>Insert in the case of Fixed Rate Notes:</i>] The Notes bear interest [from their date of issue/from [ ]] at the fixed rate of [ ] per cent. per annum.</p> <p>The yield in respect of the Notes is [ ] per cent.</p> <p>The yield is calculated at the Issue Date on the basis of the relevant Issue Price[, it is not an indication of future yields].</p> <p>Interest will be paid [annually/semi-annually/quarterly] in arrear on [ ] in each year. The first interest payment will be made on [ ].</p> <p>[[<i>Insert in the case of Floating Rate Notes:</i>] The Notes bear floating rate interest [from their date of issue/from [ ]] at floating rates calculated by reference to [[ ]-EURIBOR] [[ ]-LIBOR] [[ ]-CAD-BA-CDOR][<i>insert CMS rate</i>] [for the relevant interest period[s][.]] [[<i>In the case of a factor insert:</i>], multiplied with a factor of [<i>Insert factor</i>]] [[<i>in the case of a margin insert:</i>][, plus][, minus] the margin of [ ] per cent. per annum][for the relevant interest period]. Interest will be paid [annually/semi-annually/quarterly] in arrear on [ ], and [ ] in each year, subject to adjustment for non-business days. The first interest payment will be made on [ ].]</p> <p>[[<i>Insert in the case of Inflation Linked Interest Notes:</i>] The Notes bear Inflation linked interest [from their date of issue/from [ ]]. The interest rate is dependent on the performance of the</p>

Element	Title	
		<p>[EUROSTAT Eurozone HICP (excluding Tobacco) Unrevised Series NSA Index which mirrors the weighted average of the harmonised indices of consumer prices in the Euro-zone, excluding tobacco (non-revised series) (the <b>HICP</b>)] [Inflation for Blue Collar Workers and Employees – Excluding Tobacco Consumer Price Index Unrevised (<i>Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI), senza tabacchi</i>) as calculated on a monthly basis by the <i>ISTAT – Istituto Nazionale di Statistica</i> (the Italian National Institute of Statistics) (the <b>Italy CPI</b>)] [ ] [for each interest period] [[In the case of a factor insert:], multiplied with a factor of [<i>insert factor</i>]] [[<i>In the case of a margin, insert:</i>] [, plus][, minus] the margin of [<i>insert percentage</i>] per cent.] for the relevant interest period]. Interest will be paid [annually/semi-annually/quarterly] in arrear on [ ], and [ ] in each year, subject to adjustment for non-business days. The first interest payment will be made on [ ].]</p> <p>[<i>In the case of a minimum and/or maximum rate of interest, insert:</i>]The amount of interest payable on the Notes is subject to [<i>insert the minimum/maximum rate of interest</i>].]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p> <p><b>Underlyings</b></p> <p>[Not Applicable. Interest on the Notes is not based on an underlying.]</p> <p>[<i>Insert in the case of CMS Linked Notes:</i>][<i>insert CMS Rate(s)</i>]</p> <p>[<i>Insert in the case of Zero Coupon Notes:</i>][Not Applicable.]</p> <p>[Insert in the case of Inflation Linked Interest Notes:]The value of the Notes may be affected by the [performance of [<i>insert the relevant inflation index</i>]].</p> <p>[The Rate of Interest payable from time to time in respect of Inflation Linked Interest Notes, for each interest period, shall be determined in accordance with the following formula:</p> <p><i>Rate of Interest</i> = [<i>Index Factor</i>]*YoY Inflation] + Margin</p>

Element	Title	
		<p><b>Index Factor</b> has the meaning given to it in the applicable Final Terms, provided that if Index Factor is specified as "Not Applicable", the Index Factor shall be deemed to be equal to one;</p> <p><b>Inflation Index</b> has the meaning given to it in the applicable Final Terms;</p> <p><b>Inflation Index (t)</b> means the value of the Inflation Index for the Reference Month in the calendar year in which the relevant Specified Interest Payment Date (as specified in the Final Terms) falls;</p> <p><b>Inflation Index (t-1)</b> means the value of the Inflation Index for the Reference Month in the calendar year preceding the calendar year in which the relevant Specified Interest Payment Date (as specified in the Final Terms) falls;</p> <p><b>Margin</b> has the meaning given to it in the applicable Final Terms;</p> <p><b>Reference Month</b> has the meaning given to it in the applicable Final Terms; and</p> <p><b>YoY Inflation (t)</b> means in respect of the Specified Interest Payment Date (as specified in the Final Terms) falling in month (t), the value calculated in accordance with the following formula:</p> $\left  \frac{\text{Inflation Index } t}{\text{Inflation Index } (t-1)} - 1 \right $ <p><b>Redemption</b></p> <p>The terms under which Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes.</p> <p><i>[Insert in the case of Inflation Linked Interest Notes:]</i> [Inflation Linked Interest Notes may be redeemed before their stated maturity at the option of the Issuer, if the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders.]</p> <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [ ] at par.</p> <p>The Notes may be redeemed early [at the occurrence of a Tax Event] [or] [at the occurrence of a Regulatory Event] [or] [at the option of the Issuer] [or] [at the occurrence of a MREL or TLAC Disqualification Event] at <i>[specify the early redemption price and any maximum or minimum redemption amounts]</i>.</p>

Element	Title	
		<p><b>Repayment Procedure</b></p> <p>[Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made 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)).]</p> <p>[Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will 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 <i>prima facie</i> evidence that the payment in question has been made.]</p> <p>[Payments of principal 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.</p> <p>Payments of interest and principal 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.]</p> <p><i>[Insert in the case of English Law Notes:]</i> <b>[Representative of holders</b></p> <p>The Issuer has appointed Citicorp Trustee Company Limited (the Trustee) to act as trustee for the holders of the English Law Notes. The trustee may, without the consent of any holders of the English Law Notes and without regard to the interests of particular holders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the English Law Notes or (ii) determine without the consent of any holders of the English Law Notes that an event of default or potential event of default shall not be treated as such or (iii) the substitution of another company as principal debtor under the English Law Notes in place of the Issuer.]</p>

Element	Title	
<b>C.10</b>	<b>Derivative component in the interest payments</b>	<p>Please also refer to Element C.8.</p> <p>[Interest payments under the Floating Rate Notes depend on the development of the <i>[insert [ ]-EURIBOR]</i> <i>[insert [ ]-LIBOR]</i> <i>[insert [ ]-CAD-BA-CDOR]</i> <i>[insert CMS rate]</i> for the relevant interest period.]</p> <p>[Interest payments under the Inflation Linked Interest Notes are linked to the performance of the [HICP][Italy CPI][ ].]</p> <p>[Not applicable – There is no derivative component in the interest payments.]</p> <p>Please also refer to Element C.9.</p>
<b>C.11</b>	<b>Admission to trading on a regulated market</b>	<p>Notes issued under the Programme may be admitted to trading on the Luxembourg Stock Exchange or such other stock exchange or regulated market specified below, or may be issued on an unlisted basis.</p> <p>[Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [Luxembourg Stock Exchange].] [Not applicable. The Notes are not intended to be admitted to trading on any market.]</p>

## Section D – Risks

Element	Title	
D.2	<b>Key risks regarding the Issuer</b>	<p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could materially adversely affect its businesses and ability to make payments due under the Notes. These factors include:</p> <ul style="list-style-type: none"> <li>• risks connected with the Strategic Plan;</li> <li>• risks associated with the impact of the current macroeconomic uncertainties and the volatility of the markets on the UniCredit Group's performance;</li> <li>• risks connected with the UniCredit Group's activities in different geographical areas;</li> <li>• credit risk and risk of credit quality deterioration;</li> <li>• Risks connected to Bank Capital Adequacy;</li> <li>• risks associated with disposal of non-performing loans;</li> <li>• risks associated with UniCredit's participation in the Atlante fund and the Italian Recovery Fund (former Atlante II fund);</li> <li>• risks associated with the Group's exposure to sovereign debt;</li> <li>• liquidity risk;</li> <li>• risks related to intra-group exposure;</li> <li>• market risks;</li> <li>• risks connected with interest rate fluctuations;</li> <li>• risks connected with exchange rates;</li> <li>• risks associated with borrowings and evaluation methods of the assets and liabilities of the Issuer;</li> <li>• Risks relating to IT system management</li> <li>• risks related to deferred taxes;</li> </ul>

Element	Title	
		<ul style="list-style-type: none"> <li>• risks connected with interests in the capital of the Bank of Italy;</li> <li>• counterparty risk in derivative and repo operations;</li> <li>• risks connected with exercising the Goodwill Impairment Test and losses in value relating to goodwill;</li> <li>• risks connected with existing alliances and joint ventures;</li> <li>• risks connected with the performance of the property market;</li> <li>• risks connected with pensions funds;</li> <li>• risks connected with risk monitoring methods and the validation of such methods;</li> <li>• risks connected with legal proceedings in progress and supervisory authority measures;</li> <li>• risks arising from tax disputes;</li> <li>• risks connected with the organisational and management model pursuant to Legislative Decree 231/2001 and the accounting administrative model pursuant to Law 262/2005;</li> <li>• risks connected with operations in the banking and financial sector;</li> <li>• risks connected with ordinary and extraordinary contribution to funds established under the scope of the banking crisis rules;</li> <li>• risks connected with the entry into force of new accounting principles and changes to applicable accounting principles;</li> <li>• risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit);</li> <li>• forthcoming regulatory changes;</li> <li>• ECB Single Supervisory Mechanism;</li> <li>• the bank recovery and resolution directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders;</li> </ul>



Element	Title	
		<ul style="list-style-type: none"> <li>• implementation of the BRRD in Italy;</li> <li>• as of 2016 the UniCredit Group is subject to the provisions of the Regulation establishing the Single Resolution Mechanism;</li> <li>• the European proposed financial transaction tax (the FTT); and</li> <li>• ratings.</li> </ul>
<b>D.3</b>	<b>Key risks regarding the Notes</b>	<p>There are also risks associated with the Notes. These include a range of market risks (including that there may be no or only a limited secondary market in the Notes, that the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency, that any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes or may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency and that changes in interest rates will affect the value of Notes which bear interest at a fixed rate), the fact that the conditions of the Notes may be modified without the consent of the holder in certain circumstances, that the regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks", that the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law and that investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them.</p> <p><b>Key risks regarding to certain types of Notes</b></p> <p>Notes subject to optional redemption by the Issuer: the 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.</p> <p>If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.</p> <p>Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.</p> <p>There are certain risks associated with investing in Senior Notes. These risks include the risk connected with the right of the Issuer to redeem the Senior Notes upon the occurrence of a MREL or TLAC Disqualification Event.</p>

Element	Title	
		<p>There are certain risks associated with investing in Subordinated Notes. These risks include:</p> <ul style="list-style-type: none"> <li>• an investor in Subordinated Notes assumes an enhanced risk of loss in the event of UniCredit's insolvency as UniCredit's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities;</li> <li>• Subordinated Notes may be subject to loss absorption on any application of the general bail-in tool or at the point of non-viability of the Issuer. Investors should be aware that, in addition to the general bail-in tools, the bank recovery and resolution directive contemplates that Subordinated Notes may be subject to a write-down or conversion into common shares at the point of non-viability should the Bank of Italy or other authority or authorities having prudential oversight of the Issuer at the relevant time (the <b>Relevant Authority</b>) be given the power to do so. The Subordinated Notes issued under the Programme include provisions setting out that the obligations of the Issuer under such Subordinated Notes are subject to the powers of the Relevant Authority pursuant to applicable law and/or regulation in force from time to time; and</li> <li>• the regulatory classification of the Notes – although it is the Issuer's expectation that the Notes qualify as "Tier 2 Capital" there can be no representation that this is or will remain the case during the life of the Notes.</li> </ul> <p>There are certain risks associated with investing in Inflation Linked Interest Notes. These risks include:</p> <ul style="list-style-type: none"> <li>• potential investors in any such Notes should be aware that depending on the terms of the Inflation Linked Interest Notes they may receive no interest or a limited amount of interest;</li> <li>• Inflation Linked Interest Notes may be subject to certain disruption provisions or extraordinary event provisions and if the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Notes and consequently adversely affect the value of the Notes;</li> <li>• the market price of Inflation Linked Interest Notes may be volatile and may depend on the time remaining to the maturity date or expiration and the volatility of the level of the inflation or consumer price index or indices; and</li> <li>• the level of the inflation or consumer price index or indices may be affected by the economic, financial and political events in one or more jurisdictions or areas.</li> </ul>

Element	Title	
		<p>There are certain risks associated with investing in Renminbi Notes. These risks include:</p> <ul style="list-style-type: none"> <li>• the Renminbi is not freely convertible and there are significant restrictions on the remittance of the Renminbi into and outside the PRC which may affect the liquidity of the Notes;</li> <li>• there is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the Issuer's ability to source Renminbi outside the PRC to service the Renminbi Notes;</li> <li>• an investment in Renminbi Notes is subject to exchange rate risk;</li> <li>• an investment in Renminbi Notes is subject to interest rate risk;</li> <li>• an investment in Renminbi Notes is subject to risk of change in the regulatory regime governing the issuance of Renminbi Notes; and</li> <li>• payments in respect of the Renminbi Notes will only be made to investors in the manner specified in the Renminbi Notes;</li> <li>• the value of Fixed Rate Notes may be adversely affected by movements in market interest rates; and</li> <li>• credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.</li> </ul>

## Section E – Offer

Element	Title	
E.2b	Reasons for the offer and use of proceeds	<p>The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If in respect of any particular issue other than making a profit and/or hedging certain risks, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.<sup>4</sup></p> <p>[The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit [and[ ]].]</p>
E.3	Terms and conditions of the offer	<p>The Notes may be offered to the Public as a public offer in one or more specified Public Offer Jurisdictions.</p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue. An Investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.</p> <p>[The Notes are not being offered to the public as part of a Non-Exempt Offer]</p> <p>[This issue of Notes is being offered in a Non-Exempt Offer in [ ]].</p> <p>The issue price of the Notes is [ ] per cent. of their nominal amount.</p> <p>[Summarise any public offer, copying the language from paragraphs [8] and [9] of</p> <p><b>Part B</b> of the Final Terms.]</p>
E.4	Interest of natural and legal persons involved in the issue/offer	<p>The relevant Dealer may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.<sup>5</sup></p> <p>The [Dealer[s]/Manager[s]] will be paid aggregate commissions equal to [ ] per cent. of the nominal amount of the Notes. Any [Dealer/Manager] and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other</p>

<sup>4</sup> Delete this paragraph when preparing the issue specific summary note.

<sup>5</sup> Delete this paragraph when preparing the issue specific summary note.

Element	Title	
		<p>services for, the Issuer and its affiliates in the ordinary course of business.</p> <p>[Other than as mentioned above,[ and save for [ ],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]</p>
<b>E.7</b>	<b>Expenses charged to the investor by the Issuer or an Offeror</b>	<p>[Offer price: Issue Price.] [Authorised Offerors (as defined above) may, however, charge expenses to investors.]</p> <p>[Selling Concession: <i>[Insert selling concession.]</i>]</p> <p>[Other Commissions: <i>[Insert other commissions.]</i>]</p> <p>[Not applicable. No such expenses will be charged to the investor by the Issuer or a dealer.]</p>

## Risk Factors

*The Issuer 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 the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

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

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

*The risk factors relating to the Group are deemed to cover the Issuer.*

*Any reference in the Risk Factors to “applicable Final Terms” or “Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” or “Pricing Supplement” where relevant in the case of Exempt Notes.*

### **FACTORS THAT MAY AFFECT THE ISSUER’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### *Risks connected with the Strategic Plan*

On 12 December 2016, the Bank’s Board of Directors approved the 2016-2019 business plan (the **Strategic Plan** or **Plan** or **Transform 2019**) which contains a number of strategic, capital and financial objectives (collectively, the **Strategic Objectives**). Throughout the course of 2017, we achieved several of these objectives, including the successful completion of the rights offering completed on 2 March 2017 and the Completed M&A Transactions (as defined below). Certain objectives, have yet to be completed and we announced updates to the objectives to the financial community on December 12, 2017. During 2018 Transform 2019 targets have been updated to reflect a challenging macro-economic environment, the decisive actions taken in 3Q18 and the continued successful Plan execution ahead of schedule.

The Strategic Plan and the Strategic Objectives were developed on the basis of a Group perimeter that is different from the current perimeter, reflecting the effects of several extraordinary transactions completed at the date hereof. These include, *inter alia*, the sale of 30 per cent. of FinecoBank<sup>6</sup>, the transfer of our entire stake in PJSC UkrSotsbank to ABH Holding S.A., the sale of approximately 40 per cent. in Bank Pekao and the sale of substantially all the assets of Pioneer Global Asset Management S.p.A. (**PGAM**) (the **Completed M&A Transactions**).

Our ability to meet the remaining Strategic Objectives depends on a number of assumptions and circumstances, some of which are outside UniCredit’s control, including those relating to developments in the macroeconomic and political environments in which our companies operate, developments in applicable laws and regulations and assumption related to the effects of specific actions or future events which UniCredit can partially manage. Assumptions by their nature are inherently subjective and the assumptions underlying the Strategic Objectives could turn out to be inaccurate, in whole or in part, which may mean that UniCredit is not able to fulfil the Strategic Objectives. If this were to occur, UniCredit’s actual results may differ significantly from those set forth in the Strategic Objectives, which could have a material adverse effect on UniCredit’s business, results of operations, financial condition or capital position.

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<sup>6</sup> Following the placement of approximately 17 per cent. of the share capital issued by FinecoBank completed on 8 May 2019, UniCredit holds a minority shareholding in the company (equal to approximately 18 per cent. of the issued share capital). See also the “Description of UniCredit and the UniCredit Group – Recent Developments”.

Among the main assumptions of a general nature underlying the Plan Strategic Objectives were:

- moderate growth in the Eurozone and above average growth in Central and Eastern European (“CEE”) countries, essentially in line with consensus;
- interest rates affected by the continued accommodating monetary policy of the ECB. These dynamics produce a constantly negative projection over the time scale of the plan of the three-month EURIBOR rate, albeit with progressive growth in recent years;
- expected growth in deposits at system-level both in Western and Central Eastern European countries, together with moderate growth in loans in the Eurozone and higher growth in CEE countries; and
- certain developments in the legal and regulatory framework.

In addition to the assumptions of a macroeconomic nature indicated above, the Strategic Objectives are also based on certain assumptions which include actions already undertaken by management or actions that management should undertake over the course of the Plan, including:

- capital strengthening measures (including the Rights Offering completed on 2 March 2017 and the Completed M&A Transactions);
- preparatory activities for improving the quality of balance sheet assets (relating, specifically, to the reduction of the Non-core loan portfolio and the increase of the coverage ratio of bad loans and unlikely-to-pay loans in the Italian loan portfolio; up to now the reduction of the Non-core loan portfolio is well on track but it is not completed);
- proactively reducing the risk of balance sheet assets and improving the quality of new loans;
- transforming the operating model;
- maximizing the value of the commercial bank; and
- adopting a lean governance model which is strongly directed at the coordination of activities.

Given that the realization of these initiatives is, as of the date hereof, uncertain, should UniCredit fail to generate the expected benefits of actions taken to support future income, or to transform UniCredit’s operating model as expected to reduce costs, UniCredit may not reach its Strategic Objectives, with potential material adverse impacts on its business, financial condition and results of operations.

Furthermore, should any of UniCredit’s assumptions turn out to be inaccurate and/or the circumstances envisaged not be fulfilled, or fulfilled only in part or in a different way to that assumed, UniCredit’s ability to meet the Strategic Objectives may be negatively impacted. Given the inherent uncertainty surrounding any future event, both in terms of the event’s occurrence as well as eventual timing, the differences between the actual values and the Strategic Objectives could be significant. For all of these reasons, investors are cautioned against making their investment decisions based exclusively on the forecast data included in the Strategic Objectives. Any failure to implement the Strategic Objectives or meet the Strategic Objectives may have a material adverse effect on UniCredit’s business, financial condition or results of operations.

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

#### *Risks associated with the impact of current macroeconomic uncertainties*

The UniCredit Group’s performance is affected by the financial markets and the macroeconomic and political environment of the countries in which it operates. Expectations regarding the performance of the global economy remain uncertain in both the short term and medium term.

This uncertainty which has characterized the global economy since the 2007 to 2008 crisis has caused significant problems for commercial banks, investment banks and insurance companies, with a number of them

having become insolvent or being obligated to merge with other financial institutions or request assistance from governmental authorities, central banks or the International Monetary Fund (the **IMF**), which have intervened by injecting liquidity and capital into the system and by participating in the recapitalization of certain financial institutions. Added to this are other negative factors, such as increased unemployment levels and a general decline in demand for financial services.

The current macroeconomic situation is characterized by high levels of uncertainty, due in part to: (i) the U.S.-driven trend toward protectionism; (ii) the rapid growth of credit in the Chinese economy that could reduce in the coming years; (iii) Brexit related uncertainties; (iv) future developments in the European Central Bank (the **ECB**) and Federal Reserve (**FED**) monetary policies and the policies implemented by various countries, including those aimed at promoting competitive devaluations of their currencies; (v) constant change in the global and European banking sector, which has led to a progressive reduction in the spread between lending and borrowing rates; and (vi) the sustainability of the sovereign debt of certain countries and the related, repeated shocks to the financial markets. According to preliminary ISTAT estimates, Italy GDP growth improved to +0.2% QoQ in 1Q19 after the technical recession recorded in 2H18. Looking ahead, GDP growth will remain affected by uncertainty in global trade, investment activity and employment.

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

According to UniCredit's estimates, economic growth will be contained (vs. 2018) in countries in Central Eastern Europe, also impacted by weak global trade, lower growth in the Eurozone, cyclical slowdown in domestic demand and limited monetary and fiscal stimulus. For the Eurozone the growth in 2019 is expected in reduction vs. 2018 in all UniCredit Western European countries of presence. In terms of average annual GDP growth rate for 2019, Consensus Forecasts as of April 2019 equal to: 1.1 per cent. for the Eurozone, 0.0 per cent. for Italy, 0.8 per cent. for Germany, 1.7 per cent. for Austria. The UniCredit Group's performance is affected by factors such as investor confidence, financial market liquidity, the availability and cost of borrowing on the capital markets, all of which are by their very nature, connected to the general macroeconomic situation. Adverse changes in these factors, particularly at times of economic-financial crisis, could increase the UniCredit Group's cost of funding, as well as prevent the Group from realizing its funding plan, in whole or in part, with a material adverse impact on the business, financial condition and results of operations of UniCredit and/or the Group.

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

In addition, there is the risk that pursuant to the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the **Bank Recovery and Resolution Directive** or **BRRD**), one or more credit institutions could be subject to the measures pursuant to this Directive and to the related implementing regulations, including the bail-in tool. This tool gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims into shares or other instruments of ownership to absorb the losses and recapitalize the bank in difficulty or a new entity that continues the essential functions. These circumstances could aggravate the macroeconomic situation and, specifically, have adverse effects on the business segments and on the markets in which the UniCredit Group operates, with possible adverse consequences on the operating results and on the capital and/or financial position of the Issuer and/or the Group.

### *Risks connected with the volatility of markets*

The economic and political uncertainty of recent years has introduced considerable volatility and uncertainty in the financial markets. This, in turn, has made access to these markets increasingly complex, with a consequent rise in credit spreads and the cost of funding, as well as causing a decline in the values the Group can realize from sales of financial assets.



The volatility and uncertainty of the financial markets have had, and could continue to have, a negative effect on the Group's assets and, specifically, on UniCredit's share price and the cost of borrowing on capital markets, which has been preventing the Group from realizing its funding plan in its entirety, which may have a negative impact on the financial condition and short- and long-term liquidity of the Issuer and/or the Group.

The volatility of the financial markets has also created and continues to pose a risk to the Group's asset management, asset gathering and brokerage businesses and other activities it conducts for which the Group receives fees, with possible negative consequences on the operating results, capital and financial condition of the Issuer and/or the Group.

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

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

Italy accounted for 49 per cent. of the UniCredit Group's total revenue in the 1Q2019 and is the Group's primary market. As a result, the Group's business is closely connected to the Italian economy and could, therefore, be negatively impacted by any changes in its macroeconomic environment. Economic forecasts and the current political situation generate considerable uncertainty surrounding the future growth of the Italian economy.

In addition to other factors that may arise in the future, declining or stagnating Italian Gross Domestic Product (**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 and increases in the number of impaired loans and/or loan defaults, lending to an overall reduction in demand for products and services the Group offers. Thus, a persistence of adverse economic conditions, political and economic uncertainty and/or a slower economic recovery in Italy compared with other countries of the Organization for Economic Co-operation and Development (OECD) could have a material adverse effect on the Group's results of operations, business and financial condition.

The UniCredit Group also operates and has a significant presence in Austria and Germany (which accounted for 9 per cent. and 21 per cent., respectively, of the UniCredit Group's total revenue for 1Q2019), as well as in Central and Eastern European countries (**CEE countries**) including, among others, Turkey, Russia, Croatia, the Czech Republic, Bulgaria and Hungary, which accounted for 21 per cent. of the Group's total revenue for 1Q2019. The risks and uncertainties to which the UniCredit Group is exposed are of a different nature and magnitude depending on the country and whether or not the country belongs to the European Union, which is one of the main factors taken into consideration when evaluating these risks and uncertainties.

A deterioration in the macroeconomic conditions in either Austria or Germany, an increase in the volatility of their capital markets, a significant increase in the cost of funding, the end of the current period of ready availability of liquidity in the respective markets or an increase in political instability could create a difficult operating environment and have a negative impact on the UniCredit Group's profitability, as well as its assets and operations, balance sheet and/or income statement. The Austrian and German macroeconomic conditions, as well as the Italian macroeconomic conditions, are particularly affected by the uncertainty relating to the European Union and the Eurozone. In particular, the German economy, which is the Group's second-largest market, significantly depends on the economies of certain countries such as the United States, France, Italy and other countries of the European Union. Therefore, a worsening in the economic situation of these countries may have a significant adverse impact on the strongly export-oriented German economy, with a potential negative consequence on the subsidiaries of the UniCredit Group operating in Germany, in particular, on UniCredit Bank AG (**UCB AG**).

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

Intensification of sanctions remain the main risk going forward for the developments in Russia. In Turkey the adjustment of the economy, following the sharp devaluation of the Turkish Lira during the summer 2018, is ongoing with GDP slowing, the current account deficit moving to surplus and lending growth slowing significantly.

As part of the 2018 SREP, the ECB flagged, as an area of weakness, uncertainty and potential risk of deterioration of asset quality, the Group's operations in Russia and Turkey because of possible macroeconomic and political developments in these countries.

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

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

### Credit risk and risk of credit quality deterioration

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

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

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

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

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

The Group has adopted procedures, rules and principles aimed at monitoring and managing credit risk at both individual counterparty and portfolio level. However, there is the risk that, despite these credit risk monitoring and management activities, the Group's credit exposure may exceed predetermined levels pursuant to the procedures, rules and principles it has adopted. Therefore, the deterioration of certain particularly important customers' creditworthiness and, more generally, any defaults or repayment irregularities, the launch of

bankruptcy proceedings by counterparties, the reduction of the economic value of guarantees received and/or the inability to execute said guarantees successfully and/or in a timely manner, as well as any errors in assessing customers' creditworthiness, could have major negative effects on the activity, operating results and capital and financial position of UniCredit and/or the Group.

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

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

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

In addition, on 20 March 2017, the ECB published the "*Guidance to banks on non-performing loans*" (**Guidance on NPL**) following a consultation carried out between 12 September and 15 November 2016.

These guidelines address the main aspects of the management of non-performing loans, spanning from the definition of the NPL strategy and of the operational plan to the NPL governance and operations, meanwhile providing several recommendations and *best practices* which will drive in the future, the ECB's expectations.

The above-mentioned guidelines are among the factors that have determined the execution of the "Porto Project" through the increasing of the coverage ratio on impaired loans and on unlikely-to-pay loans in the Italian loans portfolio, following the changes in estimates, in turn resulting from the changed management approach to non-performing loans approved by UniCredit's Board of Directors and aimed at accelerating the reduction, adopted by UniCredit and other Italian Group companies in December 2016.

As further integration of the abovementioned Guidance, on 15 March 2018, the ECB published the "*Addendum to the Guidance on Non Performing Loans*" (the **ECB Addendum**), introducing "*Prudential provisioning backstop for non performing exposure*". The ECB Addendum supplements the qualitative NPL guidance by specifying the ECB's supervisory expectations for prudent levels of provisions for new NPLs. The addendum is non-binding and will serve as the basis for the supervisory dialogue between the significant banks and the ECB Banking Supervision. These Guidelines (based on a Pillar 2 approach, to be incorporated into SREP decisions) are to be applied to all new non performing exposures (i.e. Past Due, Unlikely to Pay, Bad Loans) classified as such since 1 April 2018. The ECB Addendum sets out an expectation that, as of 1 April 2018, new unsecured NPLs must be fully covered after a period of two years from the date of their classification as NPLs. For example, the supervisor would expect a loan that is classified as an unsecured NPL on 1 May 2018 to be fully provisioned for by May 2020. For new secured NPLs, a certain level of provisioning is expected after three years of classification as an NPL, or "NPL vintage", which then increases over time until year seven. In this case, if a secured loan was classified as an NPL on 1 May 2018, the supervisor would expect these NPLs to be at least 40 per cent. provisioned for by May 2021, and totally provisioned by May 2025. The potential gap between the coverage envisaged by the new rules and the provisions applied at the reference date can be addressed through a Core Tier 1 deduction or an increase of provisions.

Similar rules are included in the Regulation amending the Capital Requirements Regulation (CRR), published by European Commission on 14 March 2018 which introduce a minimum Pillar 1 regulatory backstop for the provisioning of all newly originated loans since the entry into force of the amended regulation that would successively become NPLs. The Parliament Plenary approved and the General Affairs Council endorsed the

final text of the NPL Regulation in April. The Regulation has been published in the Official Journal on 25 of April.

Based on the SREP 2018, the ECB informed UniCredit in February 2019 of its supervisory recommendations in respect of NPE coverage. UniCredit estimates that the regulatory dialogue with the ECB could lead to a low annual single digit basis point impact on its CET1 ratio for any additional coverage of its NPE stock, for each year up to 2024, the date mentioned by the ECB in its communication.

The above proposed changes to the CRR were released by the European Commission alongside other measures to tackle high NPL ratios. The European Commission's proposed package also includes (i) a directive on credit servicers, credit purchasers and the recovery of collateral, which seeks to improve debt recovery and to develop secondary markets for NPLs; (ii) a blueprint on setting up national asset management companies (AMCs); and (iii) a directive on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring and insolvency (agreement was reached on the final text that should be published in the second quarter of 2019, at the latest). The proposed measures are intended to speed up the progress already made in reducing the NPLs and prevent their renewed build-up.

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

In November 2017, the European Banking Authority (the **EBA**) published the final guidelines with regard to the revision of the methods for estimating the Probability of Default (**PD**) and the LGD indicators. The provisions of the guidelines will apply from 1 January 2021. Institutions should incorporate the requirements of these guidelines in their rating systems by that time, but competent authorities may accelerate the timeline of this transition at their discretion. Thanks to its solid capital position, UniCredit decided to anticipate part of EBA guidelines in 2018 and 2019, mainly within Italian models. The implementation timeline is subject to Regulatory approval process.

### *Risks associated with disposal of non-performing loans*

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

Furthermore, since 2014, the Italian market has seen an increase in the number of disposals of non-performing loans, characterised by sale prices that are lower than the relative book values, with discounts greater than those applied in other European Union countries. Specifically, sale prices on the Italian market are affected by the time frames in place for the completion of the implementation procedures (which are generally longer than in other European Union countries), and by the value of the properties under guarantee, which, particularly in the industrial sector, tend to present actual realisable values that are lower than their expected values.

In this context, the UniCredit Group, starting from 2014, has launched a structured activity for selling non-performing loans on the market, in order to reduce the amount of problematic loans on its books, while simultaneously seeking to maximise its profitability and strengthen its capital structure. Since 2014, UniCredit Group has disposed of loans with a gross book value of approximately €31 billion. This amount includes the loans disposed of through Project Fino in July 2017.

UniCredit intends to continue pursuing its strategy of disposing of non-performing loans. Specifically, UniCredit has identified and is pursuing the capital risk reduction and the improvement of the quality of new loans as a strategic action under the scope of the 2016-2019 Strategic Plan to be achieved through increasing the coverage ratio of non-performing loans and selling impaired loans; the entire Non Core rundown target within 2021 is a key component of this strategic approach. The completion of the sales could impact the income statement with additional write-downs of loans for an amount which may be significant as a result of the possible differential between the value at which non-performing loans (and in particular impaired loans) are recorded in the financial statements of the Group and the considerations that investors are prepared to offer for their purchase. In this regard, note that the potential impacts of these transactions depend on various factors, including the different return expected by investors compared with that of UniCredit and the recovery costs that are immediately discounted in the purchase prices. In this context, insofar as new operations were completed (particularly if concerning loans of lower quality, in terms of coverage level and/or asset class, than the

operations already carried out) or in any case where the conditions existed to modify the forecasts concerning the recovery of the non-performing loans identified as subject to probable future disposal, it could be necessary to record in the financial statements additional value adjustments to the abovementioned loans, with consequent (possibly significant) negative effects on the operating results and capital and financial position of UniCredit and/or of the Group.

The maintenance of Notes by UniCredit following the disposal of non performing loans via securitizations could result in asset impact, even negative, depending on: (i) the absorption of related assets weighted by the credit risk for the purposes of the determination of the regulatory capital ratios; and (ii) the possible future value adjustments arising from the portion of the risk retained. The residual share of the Notes held will also be considered for the purposes of calculation of UniCredit's short and medium/long-term Issuer liquidity coefficients, as in "use not in the short term", thus implying the need for long-term funding of such use on the part of UniCredit.

It should also be noted that each Transfer Agreement ruling a non performing loan disposal includes, among other things, declarations and guarantees issued by UniCredit in relation to each loan portfolio sold and the related compensation liability if these declarations and guarantees are not correct (as an alternative to the compensation liability, UniCredit could, in certain circumstances, ask to buy back the loan). Any incorrect or untrue representations and guarantees issued by UniCredit in relation to each loan portfolio transferred would entail for UniCredit the risk to pay compensation to the relative SPV, capped in terms of amount and term by which it can be claimed.

### Risks connected to Bank Capital Adequacy

In the wake of the global financial crisis that began in 2008, the Basel Committee on Banking Supervision (the **BCBS**) approved, in the fourth quarter of 2010, revised global regulatory standards (**Basel III**) on bank capital adequacy and liquidity, which impose requirements for, *inter alia*, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019.

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

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

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

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

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 as subsequently amended from time to time by the Bank of Italy (**Circular No. 285**)) which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. According to Article 92 of the CRR, institutions shall at all times satisfy the following Own Funds requirements: (i) a CET1 Capital ratio of 4.5 per cent.; (ii) a Tier 1 Capital ratio of 6 per cent.; and (iii) a Total Capital ratio of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital:

- *Capital conservation buffer*: The capital conservation buffer has applied to UniCredit since 1 January 2014 pursuant to Article 129 of the CRD IV Directive and Part I, Title II, Chapter I, Section II of Circular No. 285. According to the 18th update<sup>7</sup> to Circular No. 285 published on 4 October 2016; being the transitional rules ended in 2018, from January 2019 the capital conservation buffer is at 2.50%.
- *Counter-cyclical capital buffer*: The countercyclical capital buffer applied starting from 1 January 2016. The Bank of Italy decided on 22 March 2019 to maintain the counter-cyclical capital buffer applicable to credit exposures in Italy at 0 per cent. for the first quarter of 2019 (percentages are revised each quarter). As of 31 March 2019:
  - the specific countercyclical capital rate of UniCredit Group amounted to 0.07 per cent.;
  - countercyclical capital rates have generally been set at 0 per cent., except for the following countries: United Kingdom (1.00 per cent.); Czech Republic (1.25 per cent.); Hong Kong (2.50 per cent.); Iceland (1.25 per cent.); Norway (2.00 per cent.); Sweden (2.00 per cent.) and Slovakia (1.25 per cent.) Lithuania (0.5 per cent.); Denmark (0.50 per cent.)
  - with reference to the exposures towards Italian counterparties, the Bank of Italy has set the rate equal to 0 per cent.;
- *Capital buffers for globally systemically important institutions (G-SIIs)*: The G-SII buffer represents an additional loss absorbency buffer (ranging from 1.0 per cent. to 3.5 per cent. in terms of required level of additional common equity loss absorbency as a percentage of risk-weighted assets), determined according to specific indicators (e.g. size, interconnectedness, complexity). It was subject to phase-in starting from 1 January 2016 (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV of Circular No. 285) and is become fully effective from 1 January 2019. Based on the most recent list of G-SIIs published by the Financial Stability Board (**FSB**) in November 2018 (the list is updated annually), the UniCredit Group is confirmed as a global systemically important bank (**G-SIB**) included in "Bucket 1" (in a ranking from 1 to 5, where 5 is the highest); starting from 1 January 2019, ended the transitional rules, such requirement is equal to 1.00 per cent.; and

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<sup>7</sup> On 6 October 2016, the Bank of Italy published the 18th update of Circular No. 285 which provided for a different application on the transitional rules relating to the capital conservation buffer: such transitional rules ended in 2018 and from 1 January 2019 the capital conservation buffer is at 2.50%.

- *Capital buffers for other systemically important institutions (O-SIIs)*: identified by the Bank of Italy as an O-SII authorised to operate in Italy, UniCredit has to maintain a capital buffer of 1 per cent. of its total risk exposure, such level is equal to 0.50 per cent. for 2019, and then increased by 0.25 per cent. for 2020 reaching the target of 1 per cent. from 1 January 2021. According to Article 131.14 of the CRD IV Directive however, the higher of the G-SII and the O-SII buffer will apply: hence, the UniCredit Group is subject to the application of the G-SII buffer (1 per cent. for 2019).

In addition to the above-listed capital buffers, under Article 133 of the CRD IV Directive, each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 Capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long-term non-cyclical systemic or macroprudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. As at the date of this Base Prospectus, no provision is taken on the systemic risk buffer in Italy.

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

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

On 11 February 2019, UniCredit has been informed by the ECB about its final decision concerning the capital requirements following the results of its annual 2018 SREP which apply, on a consolidated basis, from 1 March 2019. A table setting out the UniCredit Group’s fully-loaded capital requirements and buffers – which also indicates TSCR (Total SREP Capital Requirement) and OCR (Overall Capital Requirement) – is reported below (rounded to two decimal numbers):

Requirements as at 31 March 2019	CET1	T1	Total Capital
<b>A) Pillar 1 Requirements</b>	<b>4.50%</b>	<b>6.00%</b>	<b>8.00%</b>
<b>B) Pillar 2 Requirements</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>C) TSCR (A+B)</b>	<b>6.50%</b>	<b>8.00%</b>	<b>10.00%</b>
<b>D) Combined capital buffer requirement, of which:</b>	<b>3.57%</b>	<b>3.57%</b>	<b>3.57%</b>
1. Capital Conservation buffer	2.50%	2.50%	2.50%
2 Global Systemically Important Institution buffer	1.00%	1.00%	1.00%
3. Institution-specific Countercyclical Capital buffer (as of March 2019)	0.07%	0.07%	0.07%
<b>E) OCR (C+D)</b>	<b>10.07%</b>	<b>11.57%</b>	<b>13.57%</b>

As at 31 March 2019, the consolidated capital ratios (CET1 Capital, Tier 1 and Total Capital ratios) were, respectively, 12.25 per cent., 13.93 per cent. and 16.36 per cent.

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

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

However, the above has been more clearly regulated in the EBA Guidelines on SREP published in July 2018. The EBA guidelines define a distinction between the “Pillar 2 Requirement” (stacked below the capital buffers and thus directly affecting the application of a Maximum Distributable Amount) and “Pillar 2 Guidance” (stacked above the capital buffers). In cases where a “Pillar 2 Guidance” is provided, that guidance will not be included in the calculation of the Maximum Distributable Amount, but competent authorities would expect banks to meet that guidance.

Moreover, the CRD Reform Package further clarifies the distinction between “Pillar 2 Requirement” and “Pillar 2 Guidance”. In particular, the “Pillar 2 Guidance” refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar 1 and Pillar 2) and combined buffer requirements in order to address forward-looking and remote situations. Under the CRD Reform Package (and as described above), only the “Pillar 2 Requirement”, and not the “Pillar 2 Guidance”, will be relevant in determining whether an institution meets its combined buffer requirement for the purposes of the Maximum Distributable Amount restrictions.

In addition to the above, the Maximum Distributable Amount Restrictions are being extended in order to encompass also the minimum Leverage Ratio Requirement and the MREL requirement.

Within the CRD Reform Package a new Article 141b is included in the CRD IV Directive which introduces restrictions on distributions in the case of failure to meet the Leverage Ratio requirement (including any applicable buffer, i.e. G-SIB buffer), thus introducing a new Leverage Ratio Maximum Distributable Amount (L-MDA). The BRRD Reforms instead contain a new Article 16a that clarifies the stacking order between the combined buffer and the MREL requirement. Pursuant to this new provision the resolution authority shall have the power to prohibit an entity from distributing more than the Maximum Distributable Amount for the Minimum Requirement for Own Funds and Eligible Liabilities “MREL” (calculated in accordance with the proposed Article 16a(4) of the revised BRRD, the M-MDA) where the combined buffer requirement and the MREL requirement are not met. The Article 16, envisages a potential nine month grace period during which the resolution authority assesses on a monthly basis whether to exercise its powers under the provision, before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions, to be verified on a monthly basis).

The 2018 SREP letter also states a Pillar 2 capital guidance, to be fully satisfied with CET1 Capital.

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



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

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

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

### *Risk relating to the uncertainty of future stress test results or asset quality review tests*

Stress test exercises present risks related to the potential increase in minimum capital requirements, in case the Group is identified as vulnerable to the stress scenarios designed by the supervisory authorities.

The ECB recently conducted a sensitivity analysis on the effects of interest rate changes on the banking book. The results of the sensitivity analysis have been reviewed in the context of the SREP. Supervisory capital demand, primarily Pillar 2 guidance, in the 2017 SREP decision has been determined by the relative vulnerability of the banks to the different interest rate shocks applied, rather than the quantitative results of the sensitivity analysis.

UniCredit also participated in the 2018 stress test conducted by the EBA, the ECB, the European Commission and the European Systemic Risk Board (**ESRB**). The exercise began in January 2018 and results were published on November 2018. As in previous exercises, impacts on credit and counterparty risk, market risk and operational risk have been assessed, in terms of risk weighted assets and income statement (also considering a stress on Net Interest Income, fees, commissions and other income statement items). The new methodology required accounting for the implementation of IFRS 9 standards both in the starting points and in the scenario projections. The 2018 EU-wide stress test did not contain a pass/fail threshold and instead was designed to be used as an important source of information for the purposes of the SREP. The results assist competent authorities in assessing UniCredit's ability to meet applicable prudential requirements under stressed scenarios. UniCredit's results were as follows:

- baseline scenario: 2020 CET1 ratio at 13.76%, corresponding to 96 bps higher than CET1 ratio transitional (IFRS9-restated) as of December 2017; and
- adverse scenario: 2020 CET1 ratio at 9.34%, corresponding to 346 bps lower than CET1 ratio transitional (IFRS9-restated) as of December 2017.

At the end of 2018 the ECB announced the "Sensitivity analysis of Liquidity Risk - Stress Test 2019" (LiST 2019) which is an analysis based on idiosyncratic liquidity shocks with no macro-economic scenario nor market risk shocks. The outcome will be integrated into the SREP 2019 and could lead to findings related to liquidity risk and qualitative information. The sensitivity analysis also aims to follow-up on ECB SREP analyses with

respect to banks' ILAAP (as defined below) and to deep-dive on certain aspects of their liquidity risk management, such as the ability to mobilize collateral and impediments to collateral flows. The exercise was officially commenced on 6 February 2019 and the Quality Assurance phase was concluded on 29 May 2019. In Q3 2019 the first outcomes will feed into the SREP supervisory dialogue. No individual results will be published, although the ECB could disclose aggregate results.

The EBA, together with other supervisory authorities, may decide in the future to perform a new Asset Quality Review for the main European banks, including UniCredit, in order to verify the classification and measurement of risk exposures, to address potential concerns on the quality of assets held by the European banking system. This exercise may be associated with a new stress test, to be performed jointly with the ECB in the context of an overall assessment of the capital adequacy of the European banks. If UniCredit participates in a new stress test, it may face a potential increase in minimum capital requirements, in the event that the Group is identified as vulnerable to the stress scenarios designed by the supervisory authorities.

### *Risks associated with UniCredit's participation in the Atlante Fund and the Italian Recovery Fund (former Atlante II Fund)*

Atlante (the **Atlante fund**) is a closed-end alternative investment fund (AIF) regulated by Italian law, reserved to professional investors, and managed by Quaestio Capital SGR S.p.A. (the **Quaestio SGR**). The size of the fund was equal to €4,249 million, of which UniCredit S.p.A. invested for about 19.9 per cent.

Atlante may invest (i) in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realise, upon request of the supervisory authority, actions of capital strengthening through capital increases and (ii) in Non-Performing Loans (NPLs) of a plurality of Italian banks.

With reference to Atlante fund, as of 31 December 2018 UniCredit S.p.A. holds shares classified as financial assets mandatory at fair value (till 2017, before adoption of IFRS9, shares were classified as available for sale) with a carrying value of €171 million. The year-to-date overall cash investments are equal to €844 million (€64 million carried in 2018) against which 2016 and 2017 impairments for €684 million were carried out.

In addition UniCredit S.p.A. has a residual commitment to invest in the fund for an amount less than €2 million.

Atlante II fund launched in August 2016 and then renamed Italian Recovery Fund (IRF) on 27 October 2017, is a closed-end investment alternative fund reserved to professional investors, managed by Quaestio Capital SGR S.p.A., which may invest primarily in Italian Banks NPLs portfolios only, through (i) financial instruments issued by securitisation vehicles, primarily mezzanine and junior notes, as well as (ii) real estate assets through vehicles established to obtain the highest possible value of the receivables acquired.

With reference to Italian Recovery Fund, as of 31 December 2018 UniCredit S.p.A. holds shares with a carrying value of €184 million, classified as financial assets mandatory at fair value (till 2017, before adoption of new principle IFRS9, shares were classified as available for sale. During 2018, the net investments made in the fund was equal to €82 million with a residual commitment to invest in the Fund for about €10 million.

The book value of both Funds is substantially in line with the information provided, till 31 December 2018, by the management company Quaestio SGR, relating to the shares valuation. This valuation, based on the value of the assets held by the Funds, determined in the year a higher value for €14 million accounted into the Bank profit and loss.

From a regulatory perspective, the treatment of the quotes held by UniCredit S.p.A. in the Atlante Fund and Italian Recovery Fund foresees the application of article 128 of the CRR (Items associated with particular high risk). With reference to the residual commitments, the regulatory treatment foresees the application of a Credit Conversion Factor equal to 100% ("full risk" according to Annex I of CRR), for the calculation of the related Risk Weighted Assets. On 21 December 2016, Quaestio SGR committed (in the name and on behalf of Atlante fund) for future payments (to be made by 5 January 2017) connected to Banca Popolare di Vicenza S.p.A. e Veneto Banca S.p.A. capital increases, respectively for €310 million and €628 million (partially paid on 31 December 2016 for €164 million and €332 million respectively).

If the value of the assets in which Atlante and Italian Recovery Funds are invested and/or will be invested were to be reduced (among other things, as a result of write-downs or because the assets are sold at a price below the

acquisition price, or if such assets were to be replaced with assets having a greater risk profile or that are characterised by a greater degree of capital absorption - for example, non-performing loans), it cannot be ruled out that this circumstance may result to further write-down UniCredit's investment in the Atlante Fund and in the Italian Recovery Fund, with consequent impacts on the capital ratios of UniCredit and with possible negative effects on the economic, equity and/or financial situation of UniCredit and/or the Group.

### Risks associated with the Group's exposure to sovereign debt

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

With reference to the Group's sovereign exposures in debt, the book value of sovereign debts securities as at 31 March 2019 amounted to €112,926 million<sup>8</sup>, of which about 90 per cent. was concentrated in eight countries: Italy with €58,710 million, representing about 52 per cent. of the total; Spain with €14,001 million; Germany with €11,137 million; Austria with €6,280 million; Japan with €5,861 million; Hungary with €1,958 million; Romania with €1,938 million and Bulgaria with €1,641 million.

As at 31 March 2019, the remaining 10 per cent. of the total sovereign exposures in debt securities, equal to €11,400 million as recorded at the book value, was divided between 38 countries, including: Croatia (€1,472 million), Czech Republic (€1,259 million), Poland (€1,204 million), Serbia (€875 million), Russia (€743 million), United States (€727 million), Ireland (€617 million), Belgium (€584 million) and Portugal (€576 million). The exposures in sovereign debt securities relating to Greece are immaterial.

As at 31 March 2019, there is no evidence of impairment of the exposures in question.

Note that the aforementioned remainder of the sovereign exposures held as at 31 March 2019 also included debt securities relating to supranational organisations, such as the European Union, the European Financial Stability Facility and the European Stability Mechanism, worth €3,150 million.

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

Total loans to countries to which the total exposure is greater than €130 million, which represented about 94 per cent. of said exposures, as at 31 March 2019 amounts to €20,860 million.

### Liquidity Risk

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

Funding liquidity risk refers to the risk that the Issuer may not be able to meet its payment obligations, including financing commitments, when these become due. In light of this, the availability of the liquidity needed to carry out the Group's various activities and the ability to access long-term loans are essential for the Group to be able to meet its anticipated and unforeseen cash payment and delivery obligations, so as not to impair its day-to-day operations or financial position. The crisis that hit international financial markets and the subsequent instability gave rise to a considerable reduction in the liquidity accessible through private financing channels, resulting in major monetary policy interventions by the ECB, the reduction of which could lead the Issuer and/or the Group legal entities to access the wholesale debt market to a greater extent than in the past. With reference to the funding liquidity risk, it should also be noted that as at 31 March 2019, the cash horizon of the UniCredit Group was more than one year. This managerial indicator identifies the number of days beyond which each liquidity reference bank is no longer capable of meeting its payment obligations for the management of liquidity. For this purpose, the cash horizon also takes into account the use of readily marketable securities both at the central banks accessible by the Group and at market counterparties.

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<sup>8</sup> Information on Sovereign exposures refers to the scope of the UniCredit Consolidated Interim Report as at 31 March 2019, determined under IAS/IFRS.

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

- the short-term indicator Liquidity Coverage Ratio (LCR), which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by UniCredit) and the net cash imbalance accumulated over a 30-day stress period; as of 1 January 2018, the indicator is subject to a minimum regulatory requirement of 100 per cent.; and
- the 12-month structural liquidity indicator Net Stable Funding Ratio (NSFR), which corresponds to the ratio between the available amount of stable funding and the statutory amount of stable funding. The finalisation of this requirement will be carried out in the prescribed timetable. More specifically and on the basis of the Basel III Phase In Arrangements document, the *minimum standard requirement* should have been introduced as of 1 January 2018. In the European Union, the Basel NSFR rule has been transposed through a revision of the CRR II published on 23 November 2016. The effective date of application will depend on the final completion of the Regulatory legislation process (currently envisaged after 2020) and on the related outcome resulting from the European Institutions discussion.

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

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

As regards market liquidity, the effects of the highly liquid nature of the assets held are considered as a cash reserve. Sudden changes in market conditions (interest rates and creditworthiness in particular) can have significant effects on the time to sell, including for high-quality assets, typically represented by government securities. The "dimensional scale" factor plays an important role for the Group, insofar as it is plausible that significant liquidity deficits, and the consequent need to liquidate high-quality assets in large volumes, may change market conditions. In addition to this, the consequences of a possible downgrade of the price of the securities held and on the criteria applied by the counterparties in repos operations could make it difficult to ensure that the securities can be easily liquidated under favourable economic terms.

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

Generally, the framework of UniCredit's Internal Liquidity Adequacy Assessment Process (the **ILAAP**) was judged as adequate; however, in relation to the results of recent inspections, the ECB reported certain areas of improvement under the governance, the liquidity strategy, the reporting and the control of liquidity risk. The Bank, following also the regular and continuous talks with the Regulator, has started its own action plan intended to enhance the processes self-assessed under the ILAAP framework.

### Risks associated with system liquidity support

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

This situation has meant that government authorities and national central banks the world over have had to take action to support the credit system (in some cases by directly acquiring banks' share capital), and has caused some of the biggest banks in Europe and in the world to turn to central institutions in order to meet their short-

term liquidity needs. These forms of financing have been made technically possible where supported by the provision of securities in guarantee considered suitable by the various central institutions.

In this context, the ECB has implemented important interventions in monetary policy, both through the conventional channel of managing interest rates, and through unconventional channels, such as the provision of fixed rate liquidity with full allotment, the expansion of the list of assets that can be allocated as a guarantee, longer-term refinancing programmes such as the “Targeted Longer-Term Refinancing Operation” (TLTRO) introduced in 2014 and the TLTRO II introduced in 2016, and purchases on the debt securities market (i.e. the so-called outright monetary transactions launched in 2012 and quantitative easing announced in 2015). These interventions contributed to reducing the perception of risk towards the banking system, mitigating the size of the funding liquidity risk and also contributed to reducing speculative pressures on the debt market, specifically with regard to so-called peripheral countries.

In March 2019 ECB announced a new series of quarterly targeted longer-term refinancing operations (TLTRO-III) to be launched in September 2019 to March 2021, each with a maturity of two years. It is not possible to predict the duration and extent of such liquidity support in the future, assuming it is not withdrawn completely. If such support were to be withdrawn or reduced, the Group would need to seek alternative sources of funding, which it may not succeed in doing, whether on equally favorable cost terms, or at all.

As of 31 March 2019, our total debt with the ECB through TLTRO II was €51.15 billion, with a timetable of maturities between the end of June 2020 and the end of March 2021.

Other than TLTRO II (e.g. one-week refinancing operations), as of 31 March 2019 the UniCredit Group did not have any other refinancing operation in place.

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

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

### Risks related to intra-group exposure

UniCredit Group companies have historically financed other Group companies, in line with the practices of other banking groups operating in multiple countries, by transferring excess liquidity from one Group legal entity to another. The largest exposures are between banks belonging to the same country. Currently, the largest cross-countries outstanding exposures are from UniCredit SpA to UniCredit Bank Czech Republic and to Yapi ve Kredi Bankasi, although both banks also have exposures to other Group companies. In addition to this, important intra-group exposures exist among UCB AG with other banks of the Group, because the Group's investment banking activities are centralised in Germany and UCB AG acts as an intermediary between Group legal entities and market counterparties in financial risk hedging transactions. Due to the nature of this activity, UCB AG's intra-group credit exposure is volatile and may undergo significant changes from day to day.

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

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

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

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

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

### Market risks

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

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

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

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

The broad risk measures include:

- Value at Risk (VaR), the potential loss in value of a portfolio over a defined time period for a given confidence interval;
- Stressed VaR (SVaR), which represents the potential VaR of a portfolio subject to a continuous 12-months period of significant financial stress;
- Incremental Risk Charge (IRC), the amount of regulatory capital aimed at addressing the credit shortcomings (migration and default risks) that can affect a portfolio in a defined time period for a given confidence interval;

- Loss as Warning Level (LWL), set as the 60 days rolling period Accumulated Economic P&L; and
- Stress Test as Warning Level (STWL), the potential loss in value of a portfolio calculated on the basis of a distressed scenario.

The granular risk measures include:

- Sensitivity levels, which represent the change in the market value of a financial instrument due to small moves of the relevant market risk asset classes/factors;
- Stress scenario levels, which represent the change in the market value of a financial instrument due to large moves of the relevant market risk asset classes/factors; and
- Nominal levels, which are based on the notional value of the exposure.

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

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

### Risks connected with interest rate fluctuations

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

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

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

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

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

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

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

### Risks connected with exchange rates

A significant portion of the business of the UniCredit Group is done in currencies other than the Euro, predominantly in U.S. dollars and British Pound, as well as East European currencies. This means that the effects of exchange rate trends could have a significant influence on the assets and the operations, balance sheet and/or income statement of the Issuer and/or the Group. This exposes the UniCredit Group to the risks connected with converting foreign currencies and carrying out transactions in foreign currencies.

If one considers the exchange risk deriving from the trading book as well as the banking book, including the commercial bank, which then can affect the Group's operating results, the UniCredit Group is exposed mainly to foreign-exchange risk toward the U.S. dollar.

The financial statements and interim reports of the UniCredit Group are prepared in Euro and reflect the currency conversions necessary to comply with the International Financial Reporting Standards (IFRS) .

The Group implements an economic hedging policy for dividends from its subsidiaries outside the Eurozone. Market conditions are taken into consideration when implementing such strategies. However, any negative change in exchange rates and/or a hedging policy that turns out to be insufficient to hedge the related risk could have major negative effects on the activity, operating results and capital and financial position of the Issuer and/or the Group.

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

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

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

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

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

Regarding the evaluation of credit exposures at amortized cost or measured at fair value through other comprehensive income, it should be noted that, with the entrance into force of IFRS9, their evaluation depends on forward-looking information and, in particular, on the evolution of macro-economic scenarios used in the calculation of loan loss provisions.



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

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

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

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

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

### Risks relating to IT system management

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

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

Moreover, in the context of its operation, the UniCredit Group outsources the execution of certain services to third companies, regarding, *inter alia*, banking and financial activities, and supervises outsourced activities according to policies and regulations adopted by the Group. The execution of the outsourced services is regulated by specific service level agreements entered into with the relevant outsourcers. The failure by the outsourcers to comply with the minimum level of service as determined in the relevant agreements might cause

adverse effects for the operation of the Group. In particular, the Issuer and the other Group companies are subject to the risk, including adverse actions by supervisory authorities, resulting from omissions, mistakes, delays or interruptions by the suppliers in the execution of the services offered, which might cause discontinuity with respect to the contractually agreed levels, in the service offered. Moreover, the continuity of the service level might be affected by the occurrence of certain events negatively impacting the suppliers, such as, for example, a declaration of insolvency, as well as the incurrence of certain suppliers in insolvency procedures.

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

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

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

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

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

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

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

Starting from 2018, UniCredit Group subscribes a Cyber Insurance Policy with European Insurance Companies with adequate rating, with reasonably high limits, to cover damages caused by a major Cyber Attack to IT systems.

### Risks relating to deferred taxes

Deferred tax assets (**DTAs**) and liabilities are recognised in UniCredit's consolidated financial statements according to accounting principle IAS 12. As of 31 December 2018, DTAs amounted in aggregate to €12,046 million, of which €8,310 million may be converted into tax credits pursuant to Law No. 214 of 22 December 2011 (**Law 214/2011**). As of 31 December 2017, DTAs amounted to €10,619 million, of which €8,315 million was available for conversion to tax credits pursuant to Law 214/2011.

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

Law 214/2011 also provides for the conversion of Convertible DTAs where there is a tax loss on a non-consolidated basis. In such circumstances, the conversion operates on the Convertible DTAs recognised in the financial statements against the tax loss, limited in respect of the part of the loss generated from the deduction of the same categories of negative income components (loan impairments and loan losses, or related to goodwill and other intangible assets).

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

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

The fee due for fiscal year 2018 was paid on June 27 2018 for an amount equal to €115.8 million.

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

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

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

Starting from 1 January 2018, the new accounting standard IFRS9 which deals with the recognition and measurement of financial instruments has been applied for the preparation of the Issuer's and the Group's financial statements. The adoption of the new accounting standard has determined, among other effects, an increase in Loan Loss Provisions (**LLPs**) whose economic effects have been recognized as a reduction of 1 January 2018 net equity (First Time Adoption - **FTA**).

At the same date, UniCredit S.p.A. has not recognised IRAP and IRES tax assets related to the mentioned LLPs because the tax rule applicable at the time required the full deductibility in 2018 and, absent a sufficient taxable income, the sustainability test showed the inability to recover the IRES deferred tax assets associated with tax losses carried forward.

The new 2019 Budgetary Law approved in December 2018 envisaged the deductibility of LLPs recognized in FTA on a 10 years period (1/10 in 2018 and 9/10 in future periods up to 2027), for both IRES and IRAP purposes. This circumstance has determined the transformation of these DTAs from tax assets related to tax losses carried forward to tax assets related to temporary differences (IRES and IRAP) and, consequently, their recognition in financial statements for an amount determined through the sustainability test carried out coherently with the new tax rules.

Recognition of these DTAs has required an in-depth analysis by the management so to assess the proper accounting treatment, given the absence of specific indications by IAS12 on their recognition against equity or against P&L. In conclusion, DTAs related to the first time adoption of IFRS9, have been recognised against P&L for an amount of €871 million.

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

The remaining DTAs (non-convertible DTAs) are related to costs deductible in the years following their recognition in the financial statements (typically provisions for risks, costs related to net equity increase, etc.), equal to €3,349 million net of compensation with related Deferred Tax Liabilities (DTL) as of 31 December 2018, and to tax losses carried forward, for an amount equal to €387 million. DTAs on tax losses carried forward are mainly referred to the German subsidiary UniCredit Bank AG (€274 million).

As of 31 December 2018, the sustainability test was performed pursuant to IAS 12 in order to verify whether the projected future taxable income is sufficient to absorb the future reversal of DTAs on tax losses and on temporary differences. The test takes into account the amount of taxable income currently foreseeable for future years over a five-year time period and the projection of the DTA conversion pursuant to Law No. 214/2011. Based on the outcome of the test, for the year ended 31 December 2018, a limited portion of DTAs, related to tax losses was recognised.

### *Risks connected with interests in the capital of Bank of Italy*

As of 31 December 2018, UniCredit holds a 13.4 per cent. shareholding in Banca d'Italia, with a book value of €1,008 million.

Since the third quarter of 2015, UniCredit S.p.A. started the disposal of its stake in Banca d'Italia, for an amount corresponding to its carrying value. UniCredit S.p.A. completed, until fourth quarter 2018, the disposal of about 8.7% of Banca d'Italia share capital for about €650 million, of which about €53 million in 2018.

The disposal process is the result of a capital increase carried out in 2013 when, in order to facilitate the redistribution of shares, a limit of 3% was introduced in respect of holding shares: after an interim period of no more than 36 months, no economic rights are applicable to shares exceeding the above limit.

In recent years shareholders with excess shares began selling, finalising sales for around 28 per cent. of the total capital. The carrying value at year end, in line with the figure at the end of the last period and the outcome of the measurement conducted by the committee of high-level experts on behalf of Banca d'Italia at the time of the

capital increase, is supported by the price for the transactions that took place since 2015. The relevant measurement was therefore confirmed as level 2 in the fair value classification.

With regard to regulatory treatment as at 31 December 2018, the value of the investment measured at fair value in the balance sheet is given a weighting of 100% (in accordance with article 133 “Exposures in Equity Instruments” of the CRR);

Initiatives aimed at selling the shares exceeding the 3 per cent. limit are underway, with the completion of this process constituting a significant factor for the sustainability of value in the near future.

The Issuer may not be able to sell its stake in the capital of the Banca d'Italia at conditions in line with those expected, with consequent negative effects on the operating results, capital and/or financial position of the Issuer and/or of the Group.

### Counterparty risk in derivative and repo operations

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

These operations expose the UniCredit Group to the risk that the counterparty of said derivative contracts or repos may fail to fulfil its obligations or may become insolvent before the contract matures, when the Issuer or one of the other Group companies still holds a credit right against the counterparty.

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

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

Under the scope of its operations the Group also concludes derivative contracts with central governments and banks. Any changes in applicable regulations or in case-law guidelines, as well as the introduction of restrictions or limitations to such transactions, may have impacts (including potentially retroactive impacts) on the Group's operations with said counterparties, with possible negative effects on the activity, operating results and capital and financial position of the Issuer and/or the Group.

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

As at 31 March 2019, the UniCredit Group's intangible assets stood at €3.5 billion (of which €1.5 billion related to goodwill) representing 6.0 per cent. of the Group's net shareholders' equity and 0.4 per cent. of consolidated assets.

The parameters and information used to verify the sustainability of the goodwill (specifically the financial projections and discount rates used) are significantly influenced by certain factors, including macroeconomic developments and the volatility of financial markets, which could be affected by changes that were unforeseeable at the time goodwill was quantified. Future changes in these factors, as well as changes in the Group's corporate strategy, could lead the Group to reduce its estimate of cash flows for an individual cash-

generating unit or revise its assumptions for calculating such estimates which, in turn, could have a material adverse impact on impairment tests and on its business, financial condition and results of operations.

### *Risks connected with existing alliances and joint ventures*

At the date of this Base Prospectus, the UniCredit Group has several alliance agreements, as well as several shareholders' agreements relating to our joint ventures, in particular, in the insurance sector, with Aviva S.p.A., CNP UniCredit Vita S.p.A., Creditas Assicurazioni S.p.A., Creditas Vita S.p.A. and Incontra Assicurazioni S.p.A.

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

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

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

In addition – within the transaction relating to the sale of certain (at that time) subsidiaries of Pioneer Global Asset Management S.p.A. (**PGAM**) to Amundi – UCI S.p.A., UCB AG and UCB Austria (the **UniCredit Group Companies**) signed separate distribution agreements with some of (at that time) PGAM's subsidiaries and, namely, with the, respectively, Italian, German and Austrian subsidiary, now belonging to the Amundi Group (the **Companies**). Under the relevant distribution agreements, the UniCredit Group Companies are committed to maintain specific reference numbers related to Amundi products, which, if they fail to meet would result in the activation of specific compensation liabilities that could result in negative impacts on the operating results and capital and financial position of the Issuer and/or the Group. Similarly, the failure by the relevant Companies to comply with their commitments would cause a reduction in UniCredit Group Companies' sales targets. In addition, if such distribution agreements are terminated in certain situations better identified in the Master Sale and Purchase Agreement executed with Amundi (i.e., termination of distribution agreements due to the breach by UniCredit Group Companies of the obligations and/or commitments set out therein or as a consequence of an order or a decision by the supervisory authorities), Amundi or PGAM (now UCI S.p.A.), depending on which is the entity affected by said termination, are entitled to, as the case may be, a price refund or a price supplement to be determined as specifically indicated in the aforesaid Master Sale and Purchase Agreement.

### *Risks connected with the performance of the property market*

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

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

Under the scope of property transactions, commercial real estate is the sector that has seen a greater fall in market prices and the number of transactions in recent years; as a result, the subjects operating in this section

have had to deal with a decrease in transaction volumes and margins, an increase in commitments resulting from financial expenses, as well as greater difficulties in refinancing, with negative consequences on the profitability of their activities, which could have a negative impact on the ability to repay the loans granted by the Group.

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

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

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

### Risks connected with pension funds

The UniCredit Group is exposed to certain risks in connection with its commitments to provide pension plans to employees after the termination of their employment. These risks vary depending on the nature of the pension plan in question.

A distinction therefore needs to be made between: (i) defined-benefit plans, which provide a wide range of services depending on factors such as age, years of service and compensation needs; and (ii) defined-contribution plans, whereby the company pays fixed contributions and benefits are given based on the amount and performance of contribution paid.

In particular, as part of UniCredit's commitments related to defined-benefit plans, UniCredit assumes both the actuarial risk and the risk of investment. UniCredit's liability is an estimate, based on international accounting standards, and therefore, because of actuarial risk and investment risk, and depending on demographic and market scenarios, the extent of that liability may be less than the benefits to be paid over time, which could adversely affect the business, financial condition and results of operations of the Issuer and/or the Group.

Specifically, at the date of this Base Prospectus, there are several defined-benefit plans within the UniCredit Group, i.e., plans whose benefit is linked to salary and employee length of service both in Italy and abroad.

The Austrian, German and Italian plans account for over 90% of the Group's pension obligations.

The 50% of the total obligations for defined benefit plans are financed with segregated assets. These plans are established in (i) Germany, the "Direct Pension Plan" (i.e. an external fund managed by independent trustees), the "HVB Trust Pensionfonds AG" and the "Pensionkasse der Hypovereinsbank WaG" - all created by UniCredit Bank AG (UCB AG), and (ii) in the United Kingdom, Italy and Luxembourg created by UCB AG and UniCredit S.p.A.

The UniCredit Group's defined-benefit plans are mainly closed to new recruits (for example in Germany, Austria and Italy, where most new recruits join defined-contribution plans instead and the related contributions are charged to the income statement).

According to IAS19, obligations arising from defined-benefit plans are determined using the "projected unit credit" method, while segregated assets are measured at fair value. The methods used to evaluate the related activities and commitments are reported in the Annual Report.

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

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

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

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

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

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

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

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

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

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

### *Risks connected with legal proceedings in progress and supervisory authority measures*

#### *Risks connected with legal proceedings in progress*

As at the date of this Base Prospectus, UniCredit S.p.A. and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as at 31 December 2018, UniCredit and other UniCredit group companies were named as defendants in about 20,800 legal proceedings of which approx. 10,000



involving UniCredit (excluding labour law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the UniCredit Group may not be lawfully know about or communicate.

In many of these cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. These cases include criminal proceedings, administrative proceedings brought by supervisory or prosecution authorities and/or claims in which the claimed damages and/or potential liabilities of the Group is not and cannot be determined, either because of how the claims is presented and/or because of the nature of the actual proceedings. In such cases, until until the time when it will be possible to estimate reliably the potential outcome, no provisions are made. However, where it is possible to estimate reliably the amount of possible losses and loss is considered likely, provisions have been made in the financial statements to the extent the parent company UniCredit S.p.A., or any of the Group companies involved, deemed appropriate based on the circumstances and in accordance with IAS. To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labor law and tax cases), as of 31 December 2018, the UniCredit Group set aside a provision for risks and charges of €2,365 million, of which €647 million for the parent company UniCredit S.p.A. As of 31 December 2018, the total amount of claimed damages relating to judicial proceedings other than labor, tax and debt collections proceedings was €11.4 billion, of which approximately €7 billion for the proceedings involving the parent company UniCredit S.p.A. That figure reflects the inconsistent nature of the pending disputes and the large number of different jurisdictions, as well as the circumstances in which the UniCredit Group is involved in counterclaims.

The estimate for reasonably possible liabilities and this provision are based upon information available as of 31 December 2018, however, given the many uncertainties inherent in legal proceedings, they involve significant elements of judgment. In particular, in some cases it is not possible to form a reliable estimate, for instance where proceedings have not yet been commenced or where the extent of legal and factual uncertainties makes any estimate speculative. Therefore any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions.

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

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

### *Risks connected with Supervisory Authority measures*

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

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

In particular, as at the date of this Base Prospectus, the following is noted:

### Bank of Italy inspections:

- (a) in April 2016, the Bank of Italy began looking into the “Remuneration methods of loans and overdrafts” at UniCredit, which was concluded at the end of May 2016. Following notification of the findings, UniCredit sent its reply and action plan to the Bank of Italy on 15 February 2017, taking into account that remedy actions will be completed by June 2019.
- (b) In February 2017, the Bank of Italy launched an inspection related to “Governance, Operational Risk, Capital and AML” of UniCredit’s subsidiary Cordusio Fiduciaria S.p.A. concluded in April 2017. The final results were notified in June 2017, while UniCredit sent its reply and action plan on 3 August 2017. The remedy actions will be completed by December 2019.
- (c) In November 2017, the Bank of Italy launched an inspection related to “Transparency and Usury” of UniCredit, concluded in February 2018. The final results were notified to UniCredit in June 2018 highlighting shortcomings mainly related to: (i) preparation of some unilateral modification of contract conditions, (ii) product approval process, (iii) internal and compliance controls. UniCredit sent an action plan to the regulator in September 2018. The remedy actions will be completed by December 2019.
- (d) In January 2019 the Bank of Italy launched an inspection related to “AML Anti Money Laundering”, concluded in May 2019. The final results have not yet been notified to UniCredit.
- (e) In May 2019 the Bank of Italy launched a “General Inspection” of UniCredit’s subsidiary Cordusio SIM. The on-site phase started on 13 May 2019 and is currently ongoing.

### ECB inspections:

- (a) In September 2016, the ECB launched an inspection into the “IRBB management and risk control system”, which was concluded in December 2016. In June 2017, UniCredit was notified of the findings of the inspection and on 12 September 2017 delivered the action plan to the ECB. The remedy actions will be completed by March 2020.
- (b) In September 2016, the ECB launched an inspection into the “Governance and Risk management – governance structure and business organisation of the foreign branches of UCB AG”, which was concluded in December 2016. In July 2017, UCB AG was notified of the findings of the inspection and on 11 August 2017 delivered the action plan to the ECB. The remedy actions were concluded in March 2019.
- (c) In the second and third quarter of 2017, UniCredit was involved in a horizontal thematic review on the profitability. This aspect had been identified by the ECB amongst the principle supervisory priorities by the ECB and has been held also at other significant banks. After this thematic review, the ECB has informed UniCredit of its valuations in May 2018, to which the bank replied with an action plan to address the findings reported by the ECB.
- (d) As disclosed in the ECB’s “2017 Planned Supervisory Activities” sent in January 2017, in March 2017, the ECB announced an inspection related to “Collateral, provisioning and securitisation” of the Group. The inspection was launched in April 2017 and concluded in July 2017. In December 2017 UniCredit was notified of the findings of the inspection and on 24 January 2018 UniCredit delivered the action plan to the ECB. The remedy actions were completed by March 2019.

- (e) In May 2017, the ECB provided UniCredit with the results of the Thematic Review of the risk data aggregation capabilities and the risk reporting practices based on BCBS239 principles. The ECB found certain shortcomings, including inter alia governance and data reconciliation, at the UniCredit Group level. UniCredit provided at the end of September 2017 an action plan to address the ECB's findings. The remedy actions will be concluded by June 2019.
- (f) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in May 2017 the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Credit risk (PD, LGD, CCF/EAD)," with particular reference to: Retail secured by real estate- non SME. The inspection was launched in July 2017 and concluded in September 2017. The final report was released in December 2017. The final ECB recommendation letter was received in August 2018. UniCredit provided a dedicated action plan in February 2018. The inspection did not report blocking criticalities. A limitation linked to missing factor within the LGD model was raised.
- (g) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in June 2017 the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Market risk (IRC, VaR, SVaR)," with particular reference to: Commodities risk, Debt instruments general risk, Debt instruments specific risk, Equity general risk, Equity specific risk, Forex risk. The inspection was launched in September 2017 and concluded in December 2017. The final ECB recommendation letter was received in January 2019. UniCredit provided ECB with a dedicated action plan in February 2019.
- (h) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in July 2017 the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Credit risk (PD, LGD)," with particular reference to: Corporate SME including the assessment of an approval of material change related to PD and LGD for Corporate SME. The inspection was launched in October 2017 and concluded in February 2018. The final ECB recommendation letter was received in January 2019. UniCredit provided a dedicated action plan in February 2019.
- (i) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in September 2017 the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Credit risk (PD)" with particular reference to: Retail other SME, including an assessment of an approval of material change related to Credit risk (PD) for Retail other SME. The inspection was launched in November 2017 and concluded in March 2018. The final results were notified in May 2018. Upon receipt of ECB recommendation letter in January 2019, UniCredit provided a dedicated action plan in February 2019.
- (j) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in August 2017, the ECB announced an inspection related to "IT risk" of UniCredit Group. The inspection was launched in October 2017 and concluded in December 2017. The final results were notified in April 2018, mainly highlighting areas of improvement on some IT access rights processes. UniCredit delivered the action plan to ECB in July 2019. The remedy actions will be concluded by December 2019.
- (k) As disclosed in ECB "2018 Planned Supervisory Activities" sent in January 2018, in February 2018 the ECB announced an inspection related to "Internal Governance – Compliance Function" of the UniCredit Group. The inspection was launched in April 2018 and concluded in July 2018. The final results were notified in October 2018, mainly highlighting areas of improvement on: (i) compliance oversight, (ii) compliance monitoring, (iii) launch of new products, (iv) monitoring of the consumer protection area. The dedicated action plan was delivered to ECB in January 2019. The remedy actions will be concluded in December 2019.
- (l) As disclosed in ECB "2018 Planned Supervisory Activities" sent in January 2018, in March 2018 the ECB announced an inspection related to "Market Risk Framework, Policies and Procedures", with particular reference to CEE countries. The inspection was launched in April 2018 and concluded in June 2018. The final results were notified in November 2018, highlighting some areas of improvement on: (i) governance and organization, (ii) risk strategy, limitation and management process, (iii) risk management in terms of Pillar I and Pillar II. UniCredit delivered the dedicated action plan to ECB in March 2019. The remedy actions will be completed by December 2019.
- (m) As disclosed in ECB "2018 Planned Supervisory Activities" sent in January 2018, in March 2018 the ECB announced an inspection related to "Credit Quality Review – Retail & SME-Portfolios" of

UniCredit S.p.A. and subsidiaries in Italy. The inspection was launched in June 2018 and concluded in October 2018. The final results were notified in March 2019, highlighting some areas of improvement: (i) credit classification, (ii) forbearance granting and provisioning processes. UniCredit has already started a remediation plan.

- (n) As disclosed in the ECB's "2018 Planned Supervisory Activities" sent in January 2018, in July 2018 the ECB announced an inspection related to the "Business Model" of UniCredit S.p.A. The inspection was launched in September 2018 and concluded in December 2018. The final results have not yet been notified to UniCredit.
- (o) As disclosed in ECB "2018 Planned Supervisory Activities" sent in January 2018, in July 2018 the ECB announced an inspection dedicated to "IT Services". The inspection was launched in November 2018 and concluded in March 2019. The final results have not yet been notified.
- (p) In July 2018 the ECB notified to UniCredit the results of a review relating to the implementation of Commission Delegated Regulation (EU) 2015/61 with regard to the liquidity coverage requirement (LCR Deep Dive). UniCredit delivered the action plan to the ECB in August 2018. The remedial actions are planned to be concluded by March 2020.
- (q) As disclosed in ECB "2018 Planned Supervisory Activities" sent in January 2018, in September 2018 the ECB announced a TRIM – Targeted Review of Internal Models inspection related to "Counterparty Credit Risk" for the risk category "All-IMM", including follow-up checking the remediation of previous IMI's findings. The inspection spanned from October until December 2018 and the final assessment report was received on 7 May 2019 with no criticalities to be reported.
- (r) As disclosed in ECB "2019 Planned Supervisory Activities" sent in January 2019, the ECB announced a TRIM – Targeted Review of Internal Models inspection related to "Credit Risk" with focus on MNC and Sovereign (PD and LGD models). The inspection was launched on 21 January 2019 and was concluded in April 2019. The final results has not been notified.
- (s) As disclosed in ECB "2019 Planned Supervisory Activities" sent in January 2019, in March 2019 the ECB announced an inspection dedicated to "Information Security". The inspection was launched in April 2019.
- (t) As disclosed in ECB "2019 Planned Supervisory Activities" sent in January 2019, in March 2019 the ECB announced an inspection dedicated to "Credit Lending Processing, Underwriting Standards and Delegations". The inspection was launched on 6 May 2019 and is expected to be concluded in July 2019.
- (u) As disclosed in ECB "2019 Planned Supervisory Activities" sent in January 2019, in March 2019 the ECB announced an inspection dedicated to "Business Model CIB". The inspection will start in June 2019.
- (v) As disclosed in ECB "2019 Planned Supervisory Activities" sent in January 2019, the ECB announced a TRIM – Targeted Review of Internal Models inspection related to "Credit Risk" with focus on Banks PD/LGD models and Group Wide EAD model, including the assessment of material model change only for GW EAD model. The inspection has been launched on 6 May 2019 and it is expected to end in July 2019.
- (w) As disclosed in ECB "2019 Planned Supervisory Activities" sent in January 2019, the ECB announced a TRIM – Targeted Review of Internal Models inspection related to "Credit Risk" with focus on GLOBAL PROJECT FINANCE (GPF) PD/LGD models. The inspection will be launched on 21 May 2019 and it is expected to end in July 2019.

### European Commission:

On 31 January 2019 UniCredit received a Statement of Objections from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extends to certain periods from 2007 to 2012, and includes alleged activities by one of UniCredit's subsidiaries in a part of this period.

The Statement of Objections does not prejudice the outcome of the proceeding; should the Commission conclude that there is sufficient evidence of an infringement, a decision prohibiting the conduct and imposing a fine could be adopted, with any fine subject to a statutory maximum of 10% of company's annual worldwide turnover. UniCredit had access to the entirety of the European Commission's file on the investigation from 15 February 2019 onwards. As a result of the assessment of the files, the Bank regards it no longer remote but possible, even though not likely, that a cash outflow might be required to fulfill a potential fine arising from the outcome of the investigation. On the basis of the current information, it is not possible to reliably estimate the amount of any potential fine at the present date.

UniCredit has responded to the raised objections on 29 April 2019. There is no legal deadline for the Commission to complete antitrust inquiries.

### *Risks arising from tax disputes*

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

Specifically, as at 31 December 2018, there were 486 tax disputes involving counterclaims pending with regard to UniCredit and other companies belonging to the UniCredit Group's "Italian" perimeter, net of settled disputes, for a total amount equal to €275.14 million.

As of 31 December 2018, the total amount of provisions for tax risks amounted to €182.13 million (including provisions for legal expenses).

As far as the tax inspections which were concluded during the course of the financial year ended at 31 December 2018 are concerned, reference is made to paragraph "*Proceedings Related to Tax Matters*" of the Description of UniCredit and the UniCredit Group.

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

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

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

On 14 December 2018, the Public Prosecutor of the Court of Tempio Pausania dismissed UniCredit from the criminal proceedings it had initiated, as the alleged violation of Article 24-ter of Legislative Decree 231/2001 became time-barred.

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

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

In this event, and if UniCredit is not exonerated from responsibility based on the provisions in said decree, UniCredit may be responsible for a financial penalty as well as, in more serious cases, the possible application of a ban, such as a prohibition on carrying out activities, the suspension or revocation of authorisations, licences or concessions, a ban on entering into contracts with the public administration, as well as, lastly, a ban on

publicising goods and services, with negative effects – including of a reputational nature – on the operating results and capital and financial position of the Issuer and/or the Group.

Without prejudice to the foregoing and taking into account the preliminary stage of the proceedings, at the date of this Base Prospectus, UniCredit and/or its subsidiaries belonging to the UniCredit Group are not involved in legal proceedings and have not been the subject of significant provisions pursuant to Legislative Decree 231/2001. The methodological approach adopted by the UniCredit Group in order to comply with Italian Law on the savings protection (Law no. 262/05) has been shared with the Internal Audit and has been inspired by the “Internal Control – Integrated Framework (CoSO Framework)” issued by *the Committee of Sponsoring Organizations of the Treadway Commission* (CoSo), that represents a generally accepted standard for the internal control system and in particular for the financial reporting and whose adoption is generally accepted by the Supervisory Authorities.

It should be pointed out that any internal control system, even when aligned with the international best practices, such aforementioned CoSO Framework, cannot completely avoid the risk of frauds, errors, malfunctions or need for further improvements, that may ultimately affect the produced financial disclosure.

### *Risks connected with operations in the banking and financial sector*

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

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

With regard to this, note how the banking sector in Italy, as well as in Europe, is going through a consolidation phase featuring a high degree of competition due to the following factors: (i) the introduction and amendments of EU directives aimed at harmonizing the European Union banking sector and making it sounder; (ii) continuous evolving customer needs; (iii) the advance of services with a strong element of technological innovation, such as internet banking and mobile banking; and (iv) the influx of new competitors, and other factors not necessarily under the Group's control. Furthermore, a deterioration of macroeconomic conditions could result in greater competitive pressure due to factors such as increased pressure on prices and lower business volumes.

In addition, this competitive pressure could increase as a result of various factors not necessarily under the control of the Group, including aggregation processes both in Italy and in Europe, which could involve large groups, comparable to the UniCredit Group, applying increasingly comprehensive economies of scale.

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

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

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

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

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

#### *Deposit Guarantee Scheme and Single Resolution Fund*

As a result of: (i) Directive 2014/49/EU (Deposit Guarantee Schemes Directive (the **DGSD**) of 16 April 2014; (ii) the BRRD; and (iii) the SRM Regulation establishing the predecessor of the current Single Resolution Fund (the **Single Resolution Fund** or **SRF**), which as of 1 January 2016, includes national compartments to which contributions raised at the national level by each participating Member State through its National Resolution Fund (**National Resolution Fund** or **NRF**) are allocated), UniCredit is obligated to provide the financial resources necessary for funding the deposit guarantee scheme and the SRF. These contribution obligations could have a significant impact on UniCredit's financial and capital position. UniCredit cannot currently predict the multi-year costs of the extraordinary contribution components which may be necessary for the management of any future banking crises.

In relation to the contribution obligations described below, such schemes have led to expenses during the period and will result in expenses in future periods as ordinary contribution scheme and potential extraordinary contributions:

- With the introduction of the BRRD, the Regulation on the Single Resolution Mechanism (Regulation (EU) No.806/2014 of the European Parliament and of the Council dated 15 July 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and a single resolution fund for banks (Single Resolution Fund, SRF). The Regulation provides for the launch of a compulsory contribution mechanism that entails the collection of the target level of resources by 31 December 2023, equal to 1 per cent. of the covered deposits of all the authorised institutions acting in the Banking Union. The accumulation period may be extended for a further four years if the funding mechanisms have made cumulative disbursements for a percentage higher than 0.5 per cent. of the covered deposits. If, after the accumulation period, the available financial resources fall below the target level, the collection of contributions shall resume until that level has been recovered. Additionally, having reached the target level for the first time and, in the event that the available financial resources fall to less than two thirds of the target level, these contributions are set at the level which allows the target level to be reached within a period of six years.

The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions, of up to three times the expected annual contributions, when the available financial resources are not sufficient to cover the losses and costs of the interventions. A transitional phase of contributions to the national compartments of the SRF and a progressive mutualisation of these are expected

- Directive 2014/49/EU of 16 April 2014, in relation to the DGS, aims to enhance the protection of depositors through the harmonisation of the related national legislation. This Directive provides for the launch of a mandatory national contribution mechanism that will allow a target level of 0.8 per cent. of the amount of its members' covered deposits to be collected by 3 July 2024. The contribution resumes when the financing capacity is below the target level, at least until the target level is reached. If, after the target level has been reached for the first time, the available financial resources have been reduced to below two thirds of the target level, the regular contribution shall be set at a level to achieve the target level within six years.

The contribution mechanism provides for ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, and also extraordinary contributions, if the available financial resources of a DGS are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5 per cent. of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions.

Directives No.49 and No.59 specify the possibility of introducing irrevocable payment commitments as an alternative to collection of fund contributions lost through cash, up to a maximum of 30 per cent. of the total resources target.

In 2018 the contributions to resolution funds (SRF) and guarantee funds (DGS), harmonised and non-harmonised, were respectively equal to €400 million and €215 million.

With reference to Directive No.59 (SRF contributions), ordinary contribution sum up to €348 million, extraordinary ones to €52 million (entirely from UniCredit S.p.A.).

- Specifically referring to UniCredit S.p.A. 2018 ordinary contribution amounts to €140 million. For years 2015, 2016 and 2017 contributions have been respectively €73 million, €107 million and €109 million. In its capacity as National Resolution Authority (NRA), the Bank of Italy, with its Provisions dated 21 November 2015, approved by the Italian Minister of Economy and Finance on 22 November 2015, ordered the launch of a resolution programme (for Banca delle Marche, Banca Popolare dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara, Cassa di Risparmio della Provincia di Chieti). In particular, this related to a restructuring process which resulted in the separation of the non-performing assets of the four banks concerned, which flowed into a “bad bank”, from the rest of the assets and liabilities, that flowed into four new “bridge banks”, held to be sold through a competitive selling procedure on the market. As a result of this intervention, the aforementioned ministerial measures led to a request for extraordinary contributions for 2015, in accordance with Directive 59, established at the maximum rate of three times the ordinary contribution due for 2015. Therefore, UniCredit made an extraordinary contribution of €219 million (equal to 3 times the ordinary annual contribution due in 2015 for the Single Resolution Fund). Further the Italian Legislative Decree 183/2015 (converted into Law 208/2015) also introduced an additional payment commitment for 2016, due to the National Resolution Fund, for the payment of contributions of up to twice the ordinary contribution quotas to the Single Resolution Fund, which could be activated if the funds available to the National Resolution Fund net of recoveries arising from the disposal transactions carried out by the Fund from the assets of the four banks mentioned above were not sufficient to cover the bonds, losses and costs payable by the Fund in relation to the measures provided for by the Provisions launching the resolution. In application of this faculty, in December 2016 additional €214 million (two times the ordinary contribution) have been requested by the Bank of Italy and posted into UniCredit profit and loss and subsequently paid during 2017. The liquidity needed to fund this intervention was provided through a loan in which UniCredit participated.

In particular, the intervention of UniCredit entailed:

- the provision of a loan in favour of the National Resolution Fund for about €783 million (portion of a total loan of €2,350 million disbursed together with other banks), fully repaid on 21 December 2015 through the liquidity inflow from the ordinary and extraordinary contributions of 2015;
- the provision of a further tranche of the loan in favour of the National Resolution Fund for a numina equal to €516 million (portion of a total loan of €1,550 million disbursed together with other banks) and the payment commitment to the National Resolution Fund for an amount of €33 million (portion of a total commitment of €100 million for a further tranche of the loan together with other banks), both closed in June 2017;
- the provision of a loan in favour of the National Resolution Fund for about €210 million (portion of a total loan of €1,240 million disbursed together with other banks) maturing in 2021.

In respect of the loan and the commitment, Cassa Depositi e Prestiti has assumed a commitment of financial support in favour of National Resolution Fund in the event of insufficient liquidity to the date of loan maturity, while awaiting that the National Resolution Fund finds the necessary resources through ordinary and/or extraordinary contributions.

For facing the reimbursement commitments of capital and interests' payment, in 2018 €52 million were required as extraordinary contributions.



- The instrument of the irrevocable payment commitments has been used by UniCredit S.p.A. and its subsidiary UniCredit Bank AG for an amount equal to 15% of full contributions paid in May 2016, resulting in the payment of guarantees in the form of cash amounting respectively to €16 million and €12 million. Referring to ordinary contribution for 2017 and 2018, only UniCredit Bank AG has adopted this faculty for an amount of respectively €14 million and €16 million. The cash collateral has been recognised in the balance sheet as an asset and its contractual characteristics have been taken into account in its measurement. With reference to ordinary contribution for year 2017, UniCredit S.p.A. has not adopted this faculty.
- With reference to Directive No.49 (DGS contribution), the entire amount refers to ordinary contribution.

### Voluntary Scheme

UniCredit and its subsidiary FinecoBank have joined the voluntary scheme (the **Voluntary Scheme**), introduced by the FITD in November 2015 through a change to its by-laws with appropriate modification of its statute, in November 2015.

The “*Schema Volontario*” is an instrument for the resolution of bank crises through support measures in favour of its member banks, if specific conditions laid down by the legislation occurring. The “*Schema Volontario*” has an independent funding and the participating banks are committed to supply the relevant resources upon demand, when resources are needed to fund interventions.

The “*Schema Volontario*”, as a private entity, has provided in April 2016 the restructuring of the support of the action that FITD had operated in July 2014 in favour of Bank Tercas, operation that generated no further charges for participating banks. Subsequently, the participating size of the “*Schema Volontario*” was increased up to €700 million (of which €127 million from the UniCredit Group, of which €110 million referred to UniCredit S.p.A.).

In this context, on June 2016 the “*Schema Volontario*” approved an action in support of Cassa di Risparmio di Cesena (CariCesena), in relation to a capital increase approved by the same bank on 8 June 2016 for €280 million (commitment relating to UniCredit group amounted to €51 million, of which €44 million referred to UniCredit S.p.A.). On 30 September 2016 this commitment has been converted into a monetary payment which has led to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as “available for sale” for €51 million for the Group and €44 million for UniCredit S.p.A. (consistent with the monetary payment). Update of evaluation of the instruments as at December 2016, according to an internal evaluation model based on multiples of a banking basket integrated with estimates on Cassa di Risparmio di Cesena’s credit portfolio and related equity/capital needs, has brought to full impairment of the position. In September 2017, to face Credit Agricole CariParma intervention in favour of CariCesena, Cassa di Risparmio di Rimini (Carim) and Cassa di Risparmio di San Miniato (Carismi) (based on a capital increase for €464 million and subscription of bonds from NPL securitisation of these banks for €170 million), the Fund has increased its capital endowment till to €795 million (share of total investments attributable to UniCredit group equal to approximately €146 million, of which €125 million referred to UniCredit S.p.A.). Further in the same month, UniCredit group has paid €10 million (of which €9 million UniCredit S.p.A.) to the Fund in respect of the part of the intervention related to the capital increase of Carim and Carismi. During December 2017, UniCredit group has paid the remaining €85 million (€52 million referred to capital increase of the banks and €33 million referred to the subscription of securitisation’s notes; for UniCredit S.p.A. €72 million, of which €45 million referred to capital increase and €27 million to securitization). Following these events, UniCredit group’s residual commitment towards “*Schema Volontario*” substantially nil.

All payments referred to capital increase of the banks have brought to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as “available for sale” for the amount of €63 million (€54 million for UniCredit S.p.A.) entirely cancelled in 2017 Financial Statements due to the sale of the banks to Credit Agricole CariParma at a symbolic price.

Regarding the portion of investment referred to subscription of “*Schema Volontario*” of Junior and Mezzanine quotes of the securitisation, initial value (€33 million for the Group, €27 million for UniCredit S.p.A.) has been rectified in 2017 to reflect fair value valuation declared by the “*Schema Volontario*” (€5 million for the Group, €4.4 million for UniCredit S.p.A.), as resulting from analysis conducted by the advisors in charge for the

underlying credits evaluation, conducted according to a Discounted Cash Flow model based on recovery plans elaborated by SPV's special servicer.

Following the update of the assessment received from “*Schema Volontario*” (supported by the analysis of the appointed advisor), at 31 December 2018 a further impairment of €1.4 million for the Group (of which €1.2 million for UniCredit S.p.A.) has been recognised.

On 30 November 2018, the Shareholders' Meeting of the “*Schema Volontario*” decided to intervene in favour of Banca Carige S.p.A. by subscribing a Tier 2 subordinated loan (for a maximum amount of €320 million) issued by Banca Carige S.p.A. and intended for conversion into capital to the extent necessary to allow an expected capital increase of €400 million.

On the same date, within the framework of the agreement stipulated with the “*Schema Volontario*”, Banca Carige S.p.A. has placed bonds for €320 million, of which €318.2 million subscribed directly through the same “*Schema Volontario*”. The bonds were issued at par (100% of the nominal value), with a fixed rate coupon of 13% and a maturity of 10 years (maturity 30 November 2028).

Given the failure to provide, by 22 December 2018, by the Extraordinary Shareholders' Meeting of Banca Carige S.p.A. of the delegation to the Board of Directors, also pursuant to art.2443 of the Civil Code, to increase by payment the share capital for a maximum total amount, including share premium, of €400 million, with retroactive effect, starting from the date of issue, interests on the principal amount of outstanding bonds from time to time, mature at a nominal fixed rate of 16%.

With reference to the intervention in favour of Banca Carige S.p.A., UniCredit group contribution to the “*Schema Volontario*” amounts to approximately €62.5 million (of which approximately €53 million attributable to UniCredit S.p.A. and €9.5 million to Fineco Bank S.p.A.), and it has been identified as a financial instrument classified, on the basis of the existing accounting standard IFRS9, under item “20.c) Financial assets mandatorily at fair value through profit or loss”.

Since no market valuations or prices of comparable securities are available, at 31 December 2018 the fair value of the instrument, equal to nearly €44 million (of which nearly €37.3 million for UniCredit S.p.A. and €6.7 million for Fineco Bank S.p.A.) was determined using internal models (Discounted Cash Flow and Market Multiples) also having as reference the valuation of the financial assets of the “*Schema Volontario*” (supported by the advisor in charge) contained in the “Rendiconto 2018” of the “*Schema Volontario*” itself.

### Other charges for systemic risk

As at 31 December 2018, the charges for systemic risk, in addition to those indicated above for the Single Resolution Fund and the Deposit Guarantee System, amounted to €207 million referring to banks levies (charges imposed at national level to financial institutions, largely based on balance sheet data, or part of it) and the DTA guarantee fee (introduced with the art.11 of the DL 3 May 2016 No. 59, so-called “Bank Decree”, converted into the Law of 30 June 2016 No. 119, which envisages the fulfillment of certain conditions, the right to convert certain deferred tax assets into tax credits provided that this option is irrevocably exercised upon payment of an annual fee).

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

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

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

In this regard, an important change was introduced on 1 January 2018 following the coming into force of IFRS 9 "Financial Instruments". With mandatory date of effectiveness on 1 January 2018, it should be noted that the new accounting standard:

- introduces significant changes, compared to IAS39, to classification and measurement of loans and debt instruments based on the "business model" and on the characteristics of the cash flows of the financial instrument (SPPI - Solely Payments of Principal and Interests criteria);
- requires the classification of the equity instruments at fair value either through profit or loss or through "other comprehensive income". In this second case, unlike previous requirements for available for sale assets set by IAS39, IFRS9 has eliminated the request to recognise impairment losses and provide for, in case of disposal of the instruments, the gain or losses from disposal shall be recycled to other equity reserve and not to profit and loss accounts;
- introduces a new accounting model for impairment, based on expected losses approach substituting the current approach based on the incurred losses;
- works on the hedge accounting model rewriting the rules for the designation of a hedge accounting relationship and for the verification of its effectiveness in order to achieve a stronger alignment between the hedge accounting treatment and the underlying risk management logic. It should be noted that the principle allows the entity to make use of the possibility to continue to apply IAS39 hedge accounting rules until the IASB has completed the project on definition of macro-hedging rules<sup>9</sup>;
- has introduced guidelines that clarify when financial instruments shall be written off by specifying that the write - off constitutes an event of accounting derecognition; and
- changes the accounting treatment of "own credit risk", in other words changes in the fair value of issued debt liabilities that are designated at fair value attributable to changes of the own credit spread. The new accounting standard requires that these changes shall be recognised in a specific equity reserve, rather than to the income statement, as requested under IAS39, therefore removing a volatility source from the economic results.

The adoption of IFRS9 has determined, as at 1 January 2018:

- an overall negative effect on consolidated net equity for an amount of -€3,535,207 thousand, net of taxes (-€3,708,885 thousand gross of taxes);
- an overall negative effect on the CET1 Capital ratio<sup>10</sup>, fully loaded, equal to -99 bps<sup>11</sup> -104 bps<sup>12</sup> gross of taxes;

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<sup>9</sup> The Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

<sup>10</sup> The UniCredit Group has decided not to apply IFRS9 transitional approach as reported in article 473a of the CRR. Therefore, the calculation of Own Funds, capital absorption, capital ratios and leverage fully reflects the impact arising from the application of the IFRS9 principle.

<sup>11</sup> Considering tax impact (as calculated as at 1st January 2018) and First Time Adoption (FTA) related effects on loans and Deferred Tax Assets Risk weighted assets.

<sup>12</sup> Considering FTA related effects on loans Risk weighted assets.

- the increase of loan loss provisions to an amount equal to €31,002,599 thousand.

In addition to the above for IFRS 9, the International Accounting Standards IFRS15 "Revenues from contracts with customers" and IFRS16 "Leases" are reported.

IFRS15, effective starting from 1 January 2018 and endorsed by the European Union with Regulation EU 2016/1905 of 22 September 2016 (published on 29 October 2016), modifies the current set of international accounting principles and interpretations on revenue recognition and, in particular, IAS18.

IFRS15 provides for:

- two approaches for the revenue recognition ("point in time" or "over time") depending on the nature of the performance obligation;
- a new model for the analysis of the transactions ("Five steps model") focalised on the transfer of control; and
- the request for a more detailed disclosure to be included in the explanatory notes to the financial statements.

The adoption of the new accounting standard might determine (i) reclassification between lines of income statement used for presenting revenues, (ii) change in the timing recognition of such revenue, when the contract with the customer contains several performance obligation that must be accounted for separately under the accounting standard, (iii) different measure of the revenue so to reflect their variability. Based on the analysis performed no major impacts have been detected by adoption of IFRS15 on current economics and financial volumes.

IFRS16, effective starting from 1 January 2019, has been endorsed by the European Union with Regulation EU 2017/1986 of 31 October 2017 (published on 9 November 2017) and modifies the current set of international accounting principles and interpretations on leases and, in particular, IAS17.

IFRS16 introduces a new definition for leases and confirms the current distinction between two types of leases (operating and finance) with reference to the accounting treatment to be applied by the lessor. With reference to the accounting treatment to be applied by the lessee, the new accounting standard sets, for all the leasing typologies, the recognition as an asset, representing the right of use of the underlying asset and, at the same time, a liability reflecting the future payments of the lease contract.

At the initial recognition such asset is measured on the basis of the lease contract cash flows. After the initial recognition the right-of-use will be measured on the basis of the rules set for the assets by IAS16, IAS38 or by IAS40 and therefore applying the cost model less any accumulated depreciation and any eventual accumulated impairment losses, the revaluation model or the fair value model as applicable.

The adoption of IFRS16 determined, as at 1st January 2019 (a) an increase of the Group total assets and liabilities in the range of 0.3%, (b) an effect on Group CET1 ratio in the range of -0.1%, gross of tax effect.

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

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

On 29 March 2017, the UK delivered to the European Council notice of its intention to withdraw from the EU, pursuant to Article 50 of the Treaty on the European Union. The delivery of such notice started a two - year period of negotiations with the EU on the terms of the UK withdrawal and of its future relationship with the EU (the **Article 50 Withdrawal Agreement**). The UK and the European Council have agreed to extend this period of Article 50 negotiations until 31 October 2019. If the parties fail to reach an agreement within this time frame, all EU treaties will cease to apply to the UK, unless the European Council, in agreement with the UK,

unanimously decides to extend this period again or the UK decides to revoke Article 50 and remain in the EU. As part of those negotiations, a transitional period has been agreed in principle which would extend the application of EU law, and provide for continuing access to the EU single market, until the end of 2020. However, it is subject to ratification by the UK Parliament, the European Parliament and the European Council and, so far, the UK Parliament has rejected the withdrawal agreement. There are a number of uncertainties in connection with the Brexit process, including the timing and the future of the UK's relationship with the EU. It therefore remains uncertain whether the Article 50 Withdrawal Agreement will be finalised and ratified by the UK and the EU ahead of the 31 October 2019 deadline. In addition, the UK's decision to withdraw from the EU has also given rise to calls for the governments of other EU member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and restrict the access to capital of the Issuer. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on the stability of the Eurozone or the European Union and, ultimately, on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the Group, its business prospects, its financial condition, its results of operations, the ability of the Issuer to satisfy the relevant obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market. Please see also Condition 8.5 (Issuer Call due to MREL or TLAC Disqualification Event) of the Terms and Conditions for the English Law Notes and Condition 10.6 (Issuer Call due to MREL or TLAC Disqualification Event) of the Terms and Conditions for the Italian Law Notes.

### Forthcoming regulatory changes

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction.

On 9 November 2015, the FSB published its final Total Loss-Absorbing Capacity (**TLAC**) Principles and Term Sheet, proposing that G-SIBs maintain significant minimum amounts of liabilities that are subordinated (by law, contractually or structurally) to liabilities excluded from TLAC, such as guaranteed insured deposits, derivatives, etc. and which forms a new standard for G-SIBs. The TLAC Principles and Term Sheet contains a set of principles on loss absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The FSB will undertake a review of the technical implementation of the TLAC Principles and Term Sheet by the end of 2019. The TLAC Principles and Term Sheet require a minimum TLAC requirement for each G-SIB at the greater of (a) 16 per cent. of RWA from 1 January 2019 and 18 per cent. from 1 January 2022, in both cases, in addition to the combined buffer requirement, and (b) 6 per cent. of the Basel III Tier 1 leverage ratio exposure from 1 January 2019, and 6.75 per cent. from 1 January 2022, in each case, in addition to the combined buffer requirement. For UniCredit, the combined buffer requirement as 31 March 2019 is 3.57 per cent., including a countercyclical capital buffer of 0.07 per cent. a G-SIB buffer of 1 per cent. and embedding the fully loaded Capital Conservation Buffer of 2.5 per cent., leading the TLAC requirement on RWA to 19.57 per cent. and 21.57 per cent., respectively, as of 1 January 2019 and as of 1 January 2022.

The TLAC standards are implemented in the EU through amendments to the CRR as included in the CRR II Regulation, voted by the EU Parliament in April 2019 and which will enter into force as soon as published in the Official Journal in 2Q or latest 3Q2019.

Based on the most recently updated FSB list of G-SIBs published in November 2018 (updated annually), the UniCredit Group is a G-SIB included in bucket 1 and it will be subject to the TLAC requirements when they will enter into force and become applicable.

On 23 November 2016, the European Commission released a package of proposals to amend the CRD IV Directive and the CRR (such proposals in their final forms, the **CRD Reform Package**) and also the BRRD and the SRM Regulation (such proposals to the BRRD and the SRM (in their final form), together with the CRD Reform Package, the **Risk Reduction Measures Package** or **RRM**), which proposals were subsequently amended during the approval process prior to formal approval of the final text by the European Council in May 2019. The final text is expected to be published in the Official Journal of the European Union in June 2019 and

to enter into force 20 days thereafter and will transpose the FSB's TLAC termsheet into European law. Once the final text is published in the Official Journal, changes to the CRR will become directly applicable to the UniCredit Group. On the other hand, the CRD IV Directive amendments and the amendments to the BRRD will need to be transposed into Italian law within 18 months before taking effect. See *"The bank recovery and resolution directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of the Notes and/or the rights of Noteholders"* below for further details on the implementation of TLAC in the EEA through changes to the BRRD.

The Impact Assessment accompanying the CRD Reform Package, carried out by the European Commission, highlights that implementing the proposed amendments would ensure that EU institutions would (i) be better capitalized (ii) have more stable sources of funding (iii) not have excessively leveraged balance sheets and (iv) be resolved more effectively. It cannot be excluded that under the envisaged new requirements, credit institutions shall be required to raise additional funds, raise additional stable funding or change the maturity structure of their assets. Changes in the requirements could also lead to one-off costs due to changes to reporting systems.

Moreover, it is worth mentioning that the BCBS has embarked on a very significant RWA variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (credit, counterparty credit, market, operational risk), constraints to the use of internal models as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance, to improve consistency and comparability across banks. The finalisation of the new framework was completed in respect of market risk in 2016, and in respect of credit risk and operational risk, in December 2017, but a number of elements of the market risk framework or so-called "Fundamental Review of the Trading Book" were revised in January 2019. It is designed to enhance the robustness and risk sensitivity of the standardised approach, constrain the use of internally modelled approaches and complement the risk-weighted capital ratio with a finalised leverage ratio (including an additional G-SIB buffer requirement) and a revised and robust capital floor. The EU is expected to implement these standards by way of new changes to the CRR (the CRR II) which are expected to be proposed not before the summer of 2020.

In 2016, the ECB began a review of the internal rating models authorised for calculating capital (the Targeted Review of Internal Models, referred to as **TRIM**), with the objective of ensuring the adequacy and comparability of the models given the highly fragmented nature of Internal Ratings-Based systems used by banks, and the resulting diversity in measurement of capital requirements. The review covers credit, counterparty and market risks. The TRIM is structured in two stages, with an institution-specific review commenced in 2016 and a model specific review in 2017 and 2018/2019. In stage one, the ECB reviewed governance relating to UniCredit's IRB models as well as model mapping priorities, based on a sample of five "high default" portfolios. UniCredit is involved in on-site inspections in connection with stage two of the TRIM. This second stage is focussing on high default portfolio models in 2017 and low default portfolio models in 2018/2019.

In March 2015, the EBA undertook the revision of some specific aspects of the RWA internal models, encouraging a major convergence between European banking supervision practices. The EBA has finalised the regulatory standards for the Internal Rating Based methodology and the Guidelines on the new Definition of Default, while final Guidelines on Probability of Default and the Loss Given Default estimation and treatment of defaulted assets were published in November 2017 and further enriched in 2019. Based on the EBA's proposal, the rules for internally estimating the LGD would become significantly tighter. The implementation of all the proposed changes is expected by January 2021. Last November, EBA also published regulatory standards for the nature, severity and duration of an economic downturn for estimating the LGD and conversion factors in the IRB approach. Finally, in March 2019 EBA issued the Guidelines for the quantification of the LGD in an economic downturn. These Guidelines conclude EBA's review of the IRB approach.

Due to the wide undergoing revision by global and European regulators and supervisors, the internal models are expected to be subject to either changes or withdrawal in favor of a new standardised approach, which is also under revision. The regulatory changes will impact the entire banking system and could lead to changes in the measurement of capital (although they will become effective after the time frame covered by the Strategic Plan, from 2022). There can be no assurance that the implementation of the new capital requirements, standards and recommendations described above will not require UniCredit to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have

adverse effects on UniCredit's business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect UniCredit's return on equity and other financial performance indicators.

### ECB Single Supervisory Mechanism

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

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

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

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

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

On 2 July 2014, the BRRD entered into force and Member States were expected to implement the majority of its provisions. On 23 November 2016, the European Commission published a proposal to amend certain provisions of the BRRD (the **BRRD Reforms**). The proposal included an amendment to Article 108 of the BRRD aimed at further harmonising the creditor hierarchy as regards the priority ranking of holders of bank senior unsecured debt in resolution and insolvency. A new class of so called "senior non-preferred debt" was proposed to be added that would have been eligible to meet TLAC and MREL requirements, being senior to all subordinated debt, but junior to ordinary unsecured senior claims. These changes to Article 108 were taken out of the general revision of the BRRD and were separately enacted on 12 December 2017 by (EU) Directive 2017/2399, requiring Member States to implement them in the national legislation by 29 December, 2018.

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

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

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

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

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

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

The BRRD also provides for a Member State as a last resort, after having assessed and applied the above resolution tools (including the general bail-in tool) to the maximum extent practicable whilst maintaining



financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD.

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

In addition to the general bail-in tool and other resolutions tools, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Subordinated Notes and Additional Tier 1 Notes at the point of non-viability and before any other resolution action is taken with losses taken in accordance with the priority of claims under normal insolvency proceedings (**Non-Viability Loss Absorption**). Any shares issued to holders of the Subordinated Notes and Additional Tier 1 Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

For the purposes of the application of any Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or, in certain circumstances, its group, will no longer be viable unless the relevant capital instruments (such as the Subordinated Notes and Additional Tier 1 Notes) are written-down/converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution and/or, as appropriate, its group, would no longer be viable.

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

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of the Notes may be subject to write-down or conversion into equity capital instruments on any application of the general bail-in tool and, in the case of Subordinated Notes and Additional Tier 1 Notes, of the Non-Viability Loss Absorption, which may result in such holders losing some or all of their investment. The exercise of these, or any other power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer, to satisfy its obligations under any Notes.

In addition to the capital requirements under CRD IV, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities (the **Minimum Requirement for Own Funds and Eligible Liabilities, MREL**). The aim is that the minimum amount should be proportionate and adapted for each category of bank on the basis of their risk or the composition of their sources of funding and to ensure adequate loss absorption capacity and recapitalisation to continue exercising critical functions post resolution. On 23 May 2016, based on the draft regulatory technical standards submitted by EBA, the European Commission adopted Commission Delegated Regulation (EU) 2016/1450, supplementing BRRD, that specifies the criteria which further define the way in which resolution authorities/the SRB shall calculate MREL, as described in article 45(6) of the BRRD. Article 8 of the aforementioned regulation provides that resolution authorities may determine an appropriate transitional period for the purposes of meeting the full MREL requirement.

The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not subject to supervision by the ECB) or to the Single Resolution Board (the **SRB**) for banks subject to direct supervision by the ECB. As from 1 January 2016, the resolution authority for UniCredit is the SRB, so that UniCredit is subject to the authority of the SRB for the purposes of determination of its MREL requirement. The SRB has indicated that it took core features of the TLAC standard into account in its 2016 MREL decisions and also that it may make decisions on the quality (in

particular a subordination requirement) for all or part of the MREL. The SRB had targeted the end of 2017 for calculating binding MREL targets at the consolidated level of all banking groups under its remit. In May 2018, an MREL requirement, binding from March 2020, has been received from the SRB and the Bank of Italy, equal to 11.74 per cent. of Total Liabilities and Own Funds (TLOF), which is equivalent to 26.03 per cent. of RWAs as of 31 December 2016. Indeed, the requirement was determined in line with the SRB MREL Policy for 2017, on the basis of figures at 31 December 2016 and applying the 2016 SREP Pillar 2 Capital Requirement of 2.5 per cent. This requirement, adjusted for the reduction of the Pillar 2 Capital Requirement from 2.5 per cent. to 2 per cent. as per the latest SREP (2018), is already factored in within the Group 2017-19 Multi Year Funding Plan. An updated requirement is expected to be communicated in 2019 according to the “2018 SRB Policy for the second wave of resolution plans”.

MREL decisions for subsidiaries will be made in a second stage, based on, among other things, their individual characteristics and the consolidated level which has been set for the group.

On 23 November 2016, the European Commission proposed revisions to the CRR, to the CRDIV as well as to the BRRD, all being part of the Risk Reduction Measures Package. A final version of the RRM texts was approved by the European Council in May 2019. Among other things, the RRM aims at implementing TLAC and ensuring consistency, where appropriate, of MREL with TLAC. These reforms introduce a minimum harmonised MREL requirement (also referred to as a **Pillar 1 MREL requirement**) applicable to G-SIIs (such as UniCredit), to be satisfied only with Own Funds and eligible liabilities subordinated to excluded liabilities (even if, under specific conditions, part of the requirement may be satisfied with non subordinated liabilities). In addition, all EU banks will be required to comply with a bank specific (in terms of calibration) MREL requirement (a **Pillar 2 MREL requirement**), which can be satisfied also through the use of non subordinated liabilities, for the amount exceeding a minimum subordination level equal to 8% of TLOF (Total Liabilities and Own Funds) and applicable to G-SIBs and “Top Tier” banks (assets > 100 €/bn) only. However, if a bank is identified among the “riskiest” EU institutions”, the Resolution Authority can decide to discretionally raise the applicable subordination requirement beyond the minimum level, in any case subject to the resolution authority assessment and determination..

In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD Reforms envisage that in case a bank does not have sufficient eligible liabilities to comply with its MREL, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement. However, the BRRD Reforms envisage a nine-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments and employees take effect due to a breach of the combined capital buffer requirement.

### Implementation of the BRRD in Italy

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

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

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the general bail-in tool and (ii) the BRRD provides, at Article 44(3), that the resolution authority may, in specified exceptional circumstances, partially or fully exclude certain further liabilities from the application of the general bail-in tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of Notes of a Series may be subject to write-down/conversion upon an application of the

general bail-in tool while other Series of Notes ranking *pari passu* with such Notes (or, in each case, other *pari passu* ranking liabilities) are partially or fully excluded from such application of the general bail-in tool. Further, although the BRRD provides a safeguard in respect of shareholders and creditors upon application of resolution tools, Article 75 of the BRRD sets out that such protection is limited to the incurrence by shareholders or, as appropriate, creditors, of greater losses as a result of the application of the relevant tool than they would have incurred in a winding up under normal insolvency proceedings. It is therefore possible not only that the claims of other holders of junior or *pari passu* liabilities may have been excluded from the application of the general bail-in tool and therefore the holders of such claims receive a treatment which is more favourable than that received by holders of the Notes of a particular Series, but also that the safeguard referred to above does not apply to ensure equal (or better) treatment compared to the holders of such fully or partially excluded claims because the safeguard is not intended to address such possible unequal treatment but rather to ensure that shareholders or creditors do not incur greater losses in a bail-in (or other application of a resolution tool) than they would have received in a winding up under normal insolvency proceedings.

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

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Since each holder of the Notes will have expressly waived any rights of set-off, netting, counterclaim, abatement or other similar remedy which they might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Notes, it is clear that the statutory right of set-off available under Italian insolvency laws will likewise not apply.

As the BRRD has only recently been implemented in Italy and other Member States, there is uncertainty as to the effects of its application in practice.

In particular, there remains uncertainty as to how or when the general bail-in tool (in respect of all Notes) or the Non-Viability Loss Absorption (in respect of Subordinated Notes and Additional Tier 1 Notes) may be used and how they would affect the Issuer, the UniCredit Group and the relevant Notes. The determination that all or part of the principal amount of any Notes will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's and the UniCredit Group's control. Although there are proposed pre-conditions for the exercise of the general bail-in tool (in respect of all Notes) or for the exercise of the Non-Viability Loss Absorption (in respect of Subordinated Notes and Additional Tier 1 Notes), there remains uncertainty regarding the specific factors which the SRB would consider in deciding whether to exercise the general bail-in tool (in respect of all Notes) or (in respect of Subordinated Notes and Additional Tier 1 Notes) to exercise the Non-Viability Loss Absorption with respect to a financial institution and/or securities issued by that institution. In particular, in determining whether an institution is failing or likely to fail, the SRB shall consider a number of factors, including, but not limited to, an institution's capital and liquidity position, governance arrangements and any other elements affecting the institution's continuing authorisation. Moreover, as the final criteria that the SRB would consider in exercising any general bail-in tool

or the criteria it would consider for the Non-Viability Loss Absorption are likely to provide it with discretion, Noteholders may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such powers. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any bail-in tool or to exercise the Non-Viability Loss Absorption by the SRB may occur which would result in a principal write-off or conversion to equity. The uncertainty may adversely affect the value of any investment in the Notes.

Also, certain provisions of the BRRD remain subject to regulatory technical standards and implementing technical standards to be prepared by the European Banking Authority. In addition to the BRRD, it is possible that the application of other relevant laws, the CRD IV and any amendments thereto or other similar regulatory proposals, including proposals by the FSB on cross-border recognition of resolution actions, could be used in such a way as to result in the Notes absorbing losses in the manner described above. Any actions by the SRB pursuant to the powers granted to it as a result of the transposition of the BRRD, or other measures or proposals relating to the resolution of financial institutions, may adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the Notes.

### *As of 2016 the UniCredit Group is subject to the provisions of the Regulation establishing the Single Resolution Mechanism*

After having reached an agreement with the Council, in April 2014, the European Parliament adopted the Regulation establishing a Single Resolution Mechanism (the **SRM**). The SRM became fully operational on 1 January 2016. Certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the SRB with national resolution authorities, entered into force on 1 January 2015. On 23 November 2016, the European Commission published a proposal to amend certain provisions of the SRM. In particular, the main objective of such proposal is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules by avoiding duplication by applying two parallel requirements.

The SRM, which complements the ECB Single Supervisory Mechanism, applies to all banks supervised by the ECB Single Supervisory Mechanism. It mainly consists of the SRB and a Single Resolution Fund, see risk factors "*Risks connected with ordinary and extraordinary contributions to funds established under the scope of the banking crisis rules*" and "*The bank recovery and resolution directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of the Notes and/or the rights of Noteholders*" for details.

Decision-making is centralised with the SRB, and involves the European Commission and the Council (which will have the possibility to object to the SRB's decisions) as well as the ECB and national resolution authorities.

The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the ECB Single Supervisory Mechanism.

### *The European proposed financial transactions tax (the FTT)*

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

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

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

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

### Ratings

UniCredit is rated by Fitch Italia S.p.A. (**Fitch**), by Moody's Investors Service España, S.A. (**Moody's**) and by S&P Global Ratings Europe Limited (**Standard & Poor's**), each of which is established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies as amended from time to time (the **CRA Regulation**) as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information, please visit the ESMA webpage).

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

Any rating downgrade of UniCredit or other entities of the Group would be expected to increase the re-financing costs of the Group and may limit its access to the financial markets and other sources of liquidity, all of which could have a material adverse effect on its business, financial condition and results of operations. See further " – *Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained*" below.

### **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 Base 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 knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of cancellation of Interest Amounts or a Write Down in the case of the Additional Tier 1 Notes or the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The obligations of the Issuer under the Notes are not covered by deposit insurance schemes in the Republic of Italy. Furthermore, the Notes will not be guaranteed by the Republic of Italy 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, distinguishing between factors which may occur in relation to any Notes and those which might occur in relation to certain types of Exempt Notes:

#### ***Risks applicable to all Notes***

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.*

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

An optional redemption feature is likely to limit the market value of the Notes. During any period when the 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.

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.

The Issuer may, at its option, redeem Notes for tax reasons in the circumstances described in, and in accordance with, Condition 8.2 (*Redemption for tax reasons*) of the Terms and Conditions for the English Law Notes and Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Italian Law Notes or, if so specified in the applicable Final Terms, in accordance with Condition 8.4 (*Redemption at the option of the Issuer (Issuer Call)*) of the Terms and Conditions for the English Law Notes and Condition 10.5 (*Redemption at the option of the Issuer (Issuer Call)*) of the Terms and Conditions for the Italian Law Notes.

Also, if so specified in the applicable Final Terms, the Issuer may, at its option, redeem Senior Notes or Non-Preferred Senior Notes in the circumstances described in, and in accordance with Condition 8.5 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the English Law Notes and Condition 10.6 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the Italian Law Notes. See also “*Risks relating to Senior Notes and Non-Preferred Senior Notes - Senior Notes and Non-Preferred Senior Notes could be subject to an MREL or TLAC Disqualification Event redemption*” below.

In addition, if so specified in the applicable Final Terms, the Issuer may also, at its option, redeem Subordinated Notes and, in the case of the Italian Law Notes, the Additional Tier 1 Notes following a change of the regulatory classification of the relevant Subordinated Notes or, in the case of the Italian Law Notes, the Additional Tier 1 Notes, in the circumstances described in, and in accordance with Condition 8.3 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the English Law Notes and Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Italian Law Notes. See also “*Risks relating to Subordinated Notes - Regulatory classification of the Notes*” in respect of Subordinated Notes and “*Risks relating to Additional Tier 1 Notes - Regulatory classification of the Notes*” in respect of Additional Tier 1 Notes below.

Any redemption of the Senior Notes or Non-Preferred Senior Notes is subject to compliance by the Issuer with any conditions to such redemption prescribed by the then applicable MREL or TLAC Requirements (including any requirements applicable to such redemption due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the MREL or TLAC Requirements). See “*Risks relating to Senior Notes and Non-Preferred Senior Notes - Early redemption*”

*and purchase of the Senior Notes and Non-Preferred Senior Notes may be restricted” below for further information.*

Any redemption of the Subordinated Notes or, in the case of Italian Law Notes, Additional Tier 1 Notes is subject to the prior approval of the relevant Competent Authority and in accordance with the then applicable Relevant Regulations. See also “*Risks relating to Subordinated Notes - Early redemption and purchase of the Subordinated Notes may be restricted*” in respect of Subordinated Notes and “*Risks relating to Additional Tier 1 Notes - Early redemption and purchase of the Additional Tier 1 Notes may be restricted*” in respect of Additional Tier 1 Notes below for further information.

*If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned*

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, 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. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities. The credit rating assigned to the Notes may be suspended, reduced or withdrawn.

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

### ***Risks relating to Senior Notes and Non-Preferred Senior Notes***

*Senior Notes and Non-Preferred Senior Notes could be subject to an MREL or TLAC Disqualification Event redemption*

If at any time a MREL or TLAC Disqualification Event occurs and is continuing in relation to any Series of Senior Notes or Non-Preferred Senior Notes and the applicable Final Terms for the Senior Notes or Non-Preferred Senior Notes of such Series specify that Issuer Call due to an MREL or TLAC Disqualification Event is applicable, the Issuer may redeem all, but not some only, of the Notes of such Series at their Early Redemption Amount together with any outstanding interest. Senior Notes or Non-Preferred Senior Notes may only be redeemed by the Issuer provided that any conditions to such redemption prescribed by the MREL or TLAC Requirements at the relevant time (including any requirements applicable to such redemption due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the MREL or TLAC Requirements) have been complied with by the Issuer. A MREL or TLAC Disqualification Event means that, at any time, all or part of the aggregate outstanding nominal amount of such Series of Senior Notes or Non-Preferred Senior Notes is or will be excluded fully or partially from the eligible liabilities available to meet the MREL or TLAC Requirements, subject as set out in Condition 8.5 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the English Law Notes and Condition 10.6 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the Italian Law Notes.

If the Senior Notes or Non-Preferred Senior Notes are to be so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Notes or Non-Preferred Senior Notes. In addition, the occurrence of a MREL or TLAC Disqualification Event could result in a decrease in the market price of the Notes. Also, if

at any time an MREL or TLAC Disqualification Event with regard to Senior Notes or Non-Preferred Senior Notes which are English Law Notes occurs then the Issuer may, as specified in the risk factor “*Senior Notes and Non-Preferred Senior Notes which are English Law Notes may be subject to substitution and modification without Noteholder consent*” above, at any time either substitute all (but not some only) of such Notes, or vary the terms of such Notes so that they remain or, as appropriate, become Qualifying Senior Notes or Qualifying Non-Preferred Senior Notes, as applicable.

### Waiver of set-off

In each of Condition 3 (*Status of the Senior Notes*) of the Terms and Conditions for the English Law Notes and Condition 2 (*Status of the Senior Notes*) of the Terms and Conditions for the Italian Law Notes and in each of Condition 4 (*Status of the Non-Preferred Senior Notes*) of the Terms and Conditions for the English Law Notes and Condition 3 (*Status of the Non-Preferred Senior Notes*) of the Terms and Conditions for the Italian Law Notes, each holder of a Senior Note or of a Non-Preferred Senior Note, as applicable, unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Senior Note or Non-Preferred Senior Note, as applicable.

### Senior Notes and Non-Preferred Senior Notes have limited Events of Default and remedies

The Events of Default in respect of Senior Notes and Non-Preferred Senior Notes, being events upon which the Trustee in the case of English Law Notes (or, in certain circumstances, the Noteholders in the case of Italian Law Notes) may declare the Senior Notes or Non-Preferred Senior Notes to be immediately due and payable, are limited to circumstances in which the Issuer becomes, 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) (the **Banking Act**) as set out in Condition 11.1 of the Terms and Conditions for the English Law Notes and Condition 13.1 of the Terms and Conditions for the Italian Law Notes. Accordingly, other than following the occurrence of an Event of Default, even if the Issuer fails to meet any of its obligations under the Senior Notes or Non-Preferred Senior Notes, including the payment of any interest, the Trustee in the case of English Law Notes (and the Noteholders in the case of Italian Law Notes) will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

### Early redemption and purchase of the Senior Notes and Non-Preferred Senior Notes may be restricted

Any early redemption or purchase of Senior Notes and Non-Preferred Senior Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the then applicable Relevant Regulations, including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the MREL or TLAC Requirements.

In addition, under the CRD Reform Package, the early redemption or purchase of Senior Notes and Non-Preferred Senior Notes which qualify as eligible liabilities available to meet MREL or TLAC Requirements is subject to the prior approval of the Relevant Resolution Authority where applicable from time to time under the applicable laws and regulations. The CRD Reform Package states that the Relevant Resolution Authority would approve an early redemption of the Senior Notes and Non-Preferred Senior Notes where any of the following conditions is met:

- on or before such early redemption or purchase of the Senior Notes or Non-Preferred Senior Notes, the Issuer replaces the Senior Notes or Non-Preferred Senior Notes with Own Funds instruments or eligible liabilities of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer;
- the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that its Own Funds and eligible liabilities would, following such redemption or purchase, exceed the requirements for Own Funds and eligible liabilities set out in the CRD IV Directive or the BRRD (or, in either case, any relevant provisions of Italian law implementing the CRD IV Directive or, as appropriate, the BRRD) or



the CRD IV Regulation by a margin that the Relevant Resolution Authority, in agreement with the Competent Authority, considers necessary; or

- the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that the partial or full replacement of the eligible liabilities with Own Funds instruments is necessary to ensure compliance with the Own Funds requirements laid down in the CRD IV Regulation and in the CRD IV Directive for continuing authorisation.

In addition, the Issuer may elect not to exercise any option to redeem any Senior Notes or Non-Preferred Senior Notes early or at any time. 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.

*An investor in Non-Preferred Senior Notes assumes an enhanced risk of loss in the event of insolvency of UniCredit*

UniCredit's obligations under Non-Preferred Senior Notes will be unsecured, unsubordinated and non-preferred obligations of the Issuer 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 rank, or are expressed to rank by their terms, senior to the Non-Preferred Senior Notes) of UniCredit for money borrowed or raised or guaranteed by UniCredit, as the case may be, and any indebtedness or mandatory payment obligations preferred by the laws of the Republic of Italy. Although Non-Preferred Senior Notes may pay a higher rate of interest than comparable Senior Notes which are preferred, there is a real risk that an investor in Non-Preferred Senior Notes will lose all or some of his investment should UniCredit become insolvent.

*Senior Notes and Non-Preferred Senior Notes which are English Law Notes may be subject to substitution and modification without Noteholder consent*

If (i) at any time a MREL or TLAC Disqualification Event occurs and is continuing in relation to any Series of Senior Notes or Non-Preferred Senior Notes or (ii) in order to ensure the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the English Law Notes and Condition 21 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the Italian Law Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Holders of the Senior Notes or Non-Preferred Senior Notes of that Series), at any time either substitute all (but not some only) of such Senior Notes or Non-Preferred Senior Notes, or vary the terms of such Senior Notes or Non-Preferred Senior Notes so that they remain or, as appropriate, become, Qualifying Senior Notes or Qualifying Non-Preferred Senior Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Senior Notes or Qualifying Non-Preferred Senior Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the English Law Notes and Condition 21 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the Italian Law Notes, have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Senior Notes or Non-Preferred Senior Notes, as applicable. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

***Risks relating to Subordinated Notes***

*An investor in Subordinated Notes assumes an enhanced risk of loss in the event of insolvency of UniCredit*

UniCredit's 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 for money borrowed or raised or guaranteed by UniCredit, as the case may be, and any indebtedness or mandatory payment obligations preferred by the laws of the Republic of Italy. 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 UniCredit become insolvent.

### Waiver of set-off

As specified in Condition 4(c) of the Terms and Conditions for the English Law Notes and Condition 5(c) of the Terms and Conditions for the Italian Law Notes, each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Subordinated Note.

### Subordinated Notes may be subject to loss absorption on any application of the general bail-in-tool or at the point of non-viability of the Issuer

Investors should be aware that, in addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Subordinated Notes at the point of non-viability and before any other resolution action is taken, with losses absorbed in accordance with the priority of claims under normal insolvency proceedings (Non-Viability Loss Absorption). Any shares issued to holders of Subordinated Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

As a result, Subordinated Notes may be subject to a partial or full write-down or conversion to Common Equity Tier 1 instruments of the Issuer or one of the UniCredit Group's entities or another institution. Accordingly, trading behaviour may also be affected by the threat that Non-Viability Loss Absorption may be applied to Subordinated Notes and, as a result, Subordinated Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the Non-Viability Loss Absorption is applied to the Subordinated Notes or that such Subordinated Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

### Subordinated Notes have limited Events of Default and remedies

The Events of Default in respect of Subordinated Notes, being events upon which the Trustee in the case of English Law Notes (or, in certain circumstances, the Noteholders in the case of Italian Law Notes) may declare the Subordinated Notes to be immediately due and payable, are limited to circumstances in which the Issuer becomes subject to *Liquidazione Coatta Amministrativa* as defined in the Banking Act as set out in Condition 11.2 of the Terms and Conditions for the English Law Notes and Condition 13.2 of the Terms and Conditions for the Italian Law Notes. Accordingly, other than following the occurrence of an Event of Default, even if the Issuer fails to meet any of its obligations under the Subordinated Notes, including the payment of any interest, the Trustee in the case of English Law Notes and the Noteholders in the case of Italian Law Notes will not have the right of acceleration of principal and the sole remedy available to Noteholders for recovery of amounts owing in respect of any of the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

### Subordinated Notes which are English Law Notes may be subject to substitution and modification without Noteholder consent

If (i) at any time, a Regulatory Event occurs for any Series of Subordinated Notes which are English Law Notes, or (ii) in order to ensure the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for any Series of Subordinated Notes which are English Law Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Holders of the Subordinated Notes of that Series), at any time either substitute all (but not some only) of a Series of Subordinated Notes which are English Law Notes, or vary the terms of such Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Subordinated Notes are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the English Law Notes have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Subordinated Notes. However, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the notes prior to such substitution or variation.

### Regulatory classification of the Notes

The intention of UniCredit is for Subordinated Notes to qualify on issue as "Tier 2 Capital" for regulatory capital purposes.

Although it is UniCredit's expectation that the Notes qualify on issue as "Tier 2 Capital", there can be no representation that this is or will remain the case during the life of the Notes. If there is a change in the regulatory classification of the Subordinated Notes that would be likely to result in their exclusion from "Tier 2 Capital" and, in respect of any redemption of the relevant Subordinated Notes proposed to be made prior to the fifth anniversary of their Issue Date, both of the following conditions are met: (i) the Competent Authority (as defined in Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes) considers such a change to be reasonably certain and (ii) UniCredit demonstrates to the satisfaction of the Competent Authority that the change in the regulatory classification of the Subordinated Notes was not reasonably foreseeable by UniCredit as at the date of the issue of the relevant Subordinated Notes, UniCredit will (if so specified in the applicable Final Terms) have the right to redeem the Subordinated Notes in accordance with Condition 8.3 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the English Law Notes and Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Italian Law Notes, subject to, *inter alia*, the prior approval of the relevant Competent Authority and in accordance with the then applicable Relevant Regulations. There can be no assurance that holders of such Subordinated 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. In addition, the occurrence of such event could result in a decrease in the market price of the Notes. Also, if at any time a Regulatory Event with regard to Subordinated Notes which are English Law Notes occurs then the Issuer may, as specified in the risk factor "*Subordinated Notes which are English Law Notes may be subject to substitution and modification without Noteholder consent*" above, at any time either substitute all (but not some only) of such Notes, or vary the terms of such Notes so that they remain or, as appropriate, become Qualifying Subordinated Notes, as applicable.

### Early redemption and purchase of the Subordinated Notes may be restricted

Any early redemption or purchase of Subordinated Notes is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

- (a) the Issuer giving notice to the relevant Competent Authority and such Competent Authority granting prior permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the Relevant Regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations); and
- (b) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Relevant Regulations for the time being.

In addition, any proposed redemption of Subordinated Notes prior to the fifth anniversary of their Issue Date shall (i) in the case of a Regulatory Event, be restricted as set out above under "*Regulatory classification of the Notes*" and (ii) in the case of a Tax Event, be limited to circumstances in which the change or amendment giving rise to the Tax Event is, to the satisfaction of the relevant Competent Authority, material and was not reasonably foreseeable by the Issuer as at the Issue Date of the relevant Subordinated Notes.

There can be no assurance that the relevant Competent Authority will permit such redemption or purchase. In addition, the Issuer may elect not to exercise any option to redeem any Subordinated Notes early or at

any time. Holders of Subordinated 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.

### ***Risks relating to Additional Tier 1 Notes***

#### ***The Additional Tier 1 Notes are subordinated obligations of the Issuer***

The Issuer's obligations under the Additional Tier 1 Notes are unsecured and subordinated and will rank subordinate and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer, the Issuer's obligations in respect of any dated subordinated instruments and any Tier 2 Capital or guarantee in respect of any such instruments (other than any instrument or contractual right expressed to rank *pari passu* with the Additional Tier 1 Notes), as more fully described in the "*Terms and Conditions for the Italian Law Notes*".

If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the Noteholders shall rank senior to any payments to holders of the Issuer's shares, including its *azioni privilegiate*, ordinary shares and *azioni di risparmio* (or certain securities or guarantees expressed to rank *pari passu* with the Issuer's shares or otherwise junior to the Additional Tier 1 Notes, as further described in Condition 5 (*Status of the Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes). In the event of incomplete payment of unsubordinated creditors on liquidation, the obligations of the Issuer in connection with the Additional Tier 1 Notes will be terminated (save as otherwise provided under applicable law from time to time). Noteholders shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

Although the Additional Tier 1 Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in subordinated notes such as the Additional Tier 1 Notes will lose all or some of their investment should the Issuer become insolvent.

#### ***Waiver of set-off***

In Condition 5 (*Status of the Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes, each holder of an Additional Tier 1 Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Additional Tier 1 Note.

#### ***The Issuer is not prohibited from issuing further debt which may rank pari passu with or senior to the Additional Tier 1 Note***

The Terms and Conditions for the Italian Law Notes place no restriction on the amount of debt that the Issuer may issue that ranks senior to the Additional Tier 1 Notes or on the amount of securities that it may issue that rank *pari passu* with the Additional Tier 1 Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including cancellation of interest and reduction of principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), the Noteholders could suffer loss of their entire investment.

#### ***There are no events of default, other than in the case of Liquidazione Coatta Amministrativa, under the Additional Tier 1 Notes***

The Terms and Conditions for the Italian Law Notes do not provide for events of default, other than in the case of *Liquidazione Coatta Amministrativa* as defined in the Banking Act as set out in Condition 13.2 of the Terms and Conditions for the Italian Law Notes, allowing acceleration of the Additional Tier 1 Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Additional Tier 1 Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Additional Tier 1 Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

*The Issuer may elect in its full discretion to cancel interest on the Additional Tier 1 Notes and may, in certain circumstances, be required to cancel such interest*

The Issuer may elect at any time in its full discretion to cancel (in whole or in part) for an unlimited period and on a no-cumulative basis Interest Amounts otherwise scheduled to be paid on any Interest Payment Date.

Further, the Issuer will be required to cancel payment of Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts, when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year, exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items. The Issuer's Distributable Items will depend to a large extent on, *inter alia*, the dividends that it receives from its subsidiaries and affiliates. See also “*–The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes–*” below.

The Issuer will also be required to cancel payment of Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such payment, when aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the Relevant Regulations (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s)), would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the UniCredit Group to be exceeded, or where such Interest Amounts are required to be cancelled (in whole or in part) by an order to the Issuer from the Competent Authority. For further details, see section below “*If the Issuer breaches the combined buffer requirement a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*”.

Additionally, the Competent Authority has the power under Article 104 of the CRD IV Directive to restrict or prohibit payments of interest by the Issuer to holders of Additional Tier 1 instruments such as the Additional Tier 1 Notes. The risk of any such intervention by the Competent Authority is most likely to materialise if at any time the Issuer or the UniCredit Group is failing, or is expected to fail, to meet its capital requirements – see “*If the Issuer breaches the combined buffer requirement a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*” below.

Also, in accordance with Article 63(j) of the BRRD (as implemented in Italy by Article 60(1)(i) of Legislative Decree No. 180/2015), the Competent Authority has the power to alter the amount of interest payable under debt instruments issued by banks subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period). The Competent Authority also has the power under Articles 53-bis and 67-ter of the Banking Act to impose requirements on the Issuer, the effect of which will be to restrict or prohibit payments of interest by the Issuer to Noteholders, which is most likely to materialise if at any time the Issuer is failing, or is expected to fail, to meet its capital or liquidity requirements. If the Competent Authority exercises its discretion, the Issuer will exercise its discretion to cancel (in whole or in part, as required by the Competent Authority) interest payments in respect of the Additional Tier 1 Notes.

Furthermore, upon the occurrence of a Contingency Event (as defined in Condition 8 (*Loss absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes), the Issuer will not make payment of accrued and unpaid interest in respect of the Additional Tier 1 Notes up to the Write-Down Effective Date and any such accrued and unpaid interest shall be cancelled.

The cancellation of any Interest Amounts shall not constitute a default for any purpose on the part of the Issuer. Interest on the Additional Tier 1 Notes is not cumulative and any Interest Amounts that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of such amounts shall be fully and irrevocably forfeited and no payments shall be made nor shall any Noteholder be entitled to any payment or indemnity in respect thereof. See Condition 7 (*Interest and Interest Cancellation in respect of Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes.

Because the Issuer is entitled to cancel Interest Amounts in its full discretion, it may do so even if it could make such payments without exceeding the limits described above. Interest Amounts on the Additional Tier 1 Notes may be cancelled even if holders of the Issuer's shares continue to receive dividends and/or the Issuer and/or its subsidiaries continues to make payments of interest or other amounts on other Additional Tier 1 instruments.

Any actual or anticipated cancellation of interest on the Additional Tier 1 Notes will likely have an adverse effect on the market price of the Additional Tier 1 Notes. In addition, as a result of the interest cancellation provisions of the Additional Tier 1 Notes, the market price of the Additional Tier 1 Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication that, for example, the Issuer may not have sufficient Distributable Items and/or distributions may be limited by a Maximum Distributable Amount may have an adverse effect on the market price of the Additional Tier 1 Notes.

*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Additional Tier 1 Notes*

As noted above, the Issuer will be required to cancel any Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts, when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year, exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items.

The Issuer had approximately €17.15 billion of Distributable Items as at 31 December 2018, of which approximately €13.06 billion were represented by the distributable portion of the Share Premium Reserve (see also Section 12, Part B - Balance sheet – Liabilities reported in the Notes to the Accounts of the 2018 Annual Report and Accounts of the Issuer).

The level of the Issuer's Distributable Items is affected by a number of factors. The Issuer's future Distributable Items, and therefore the ability of the Issuer to make interest payments under the Additional Tier 1 Notes, are a function of the Issuer's existing Distributable Items and its future profitability. In addition, the Issuer's Distributable Items may also be adversely affected by the servicing of more senior instruments, parity ranking instruments or more junior ranking instruments, including dividends on the Issuer's shares.

The level of the Issuer's Distributable Items may be affected by changes to accounting rules, regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items, and therefore the Issuer's ability to make interest payments under the Additional Tier 1 Notes, may be adversely affected by the performance of the business of the UniCredit Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the UniCredit Group operates and other factors outside of the Issuer's control. See generally "*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes*" above. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

*If the Issuer breaches the combined buffer requirement a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*

Under Article 141 (Restrictions on distributions) of the CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement (as described below) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to Common Equity Tier 1 and Additional Tier 1 instruments and variable remuneration to staff). The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the institution since the last distribution of profits or "discretionary payments". Such calculation will result in a "Maximum Distributable Amount" in each relevant period. As an example, if the available CET1 capital is within the bottom quartile of the combined buffer requirement, no "discretionary distributions" will be permitted to be paid.

As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the discretion to cancel (in whole or in part) interest payments in respect of the Additional Tier 1 Notes.

In addition, the Issuer will have the discretion to determine how to allocate the Maximum Distributable Amount among the different types of payments contemplated in Article 141(2) of the CRD IV Directive and it may (at least prior to the CRD Reform Package being finalised and implemented) elect to allocate such amounts to discretionary payments other than in respect of the Additional Tier 1 Notes. Moreover, payments made earlier in the relevant period will reduce the remaining Maximum Distributable Amount available for payments later in the relevant period, and the Issuer will have no obligation to preserve any portion of the Maximum Distributable Amount for payments scheduled to be made later in a given period. Even if the Issuer attempts to do so, there can be no assurance that it will be successful, because the Maximum Distributable Amount will depend on the amount of Net Income earned during the course of the relevant period, which will necessarily be difficult to predict. In addition, the Maximum Distributable Amount restrictions are being extended under the CRD Reform Package in order to encompass also the minimum Leverage Ratio requirement and the MREL requirement. See further *“Interaction of Pillar 1 and Pillar 2 requirements, TLAC and MREL with the combined buffer requirement”* below.

### *Interaction of Pillar 1 and Pillar 2 requirements, TLAC and MREL with the combined buffer requirement*

Under CRD IV, the Issuer is required to hold a minimum amount of regulatory capital equal to 8 per cent. of risk weighted assets (the **Pillar 1 requirement**). In addition to these so called “Own Funds” requirements under CRD IV, supervisory authorities may add extra capital requirements to cover risks they believe are not covered, or are insufficiently covered, by the minimum capital requirements under CRD IV (**Pillar 2 requirements**). See also *“Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Programme – Risks connected to Bank Capital Adequacy”* above.

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

As noted above, CRD IV also introduces a capital buffer requirement that is in addition to the minimum “Own Funds” requirement and required to be met with Common Equity Tier 1 capital. It introduces five new capital buffers. See further *“Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Programme – Risks connected to Bank Capital Adequacy”* above.

Also, as part of the CRD IV transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as Tier 1 and Tier 2 Capital instruments under the framework which the CRD IV has replaced that no longer meet the minimum criteria under the CRD IV Package will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 80 per cent. in 2014, with this cap decreasing by 10 per cent. in each subsequent year.

The quantum of any Pillar 2 requirement imposed on a bank, the type of capital which it must apply to meeting such capital requirements, and whether the Pillar 2 requirement is “stacked” below the capital buffers (i.e. the bank’s capital resources must first be applied to meeting the Pillar 2 requirements in full before capital can be applied to meeting the capital buffers) or “stacked” above the capital buffers (i.e. the bank’s capital resources can be applied to meeting the capital buffers in priority to the Pillar 2 requirement) may all impact a bank’s ability to make discretionary payments on its tier 1 capital, including interest payments on additional tier 1 instruments. The interaction between Pillar 2 requirements and the Maximum Distributable Amount restriction has been the subject of much debate.

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

However, the above has been more clearly regulated in the EBA Guidelines on SREP published in July 2018. The EBA guidelines define a distinction between the “Pillar 2 Requirement” (stacked below the capital buffers and thus directly affecting the application of a Maximum Distributable Amount) and “Pillar 2 Guidance” (stacked above the capital buffers). In cases where a “Pillar 2 Guidance” is provided, that guidance will not be included in the calculation of the Maximum Distributable Amount, but competent authorities would expect banks to meet that guidance.

Moreover, the CRD Reform Package further clarifies the distinction between the “Pillar 2 Requirement” and “Pillar 2 Guidance”. In particular, “Pillar 2 Guidance” refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar 1 and Pillar 2) and combined buffer requirement in order to address forward-looking and remote situations. Under the CRD Reform Package (and as described above), only the “Pillar 2 Requirement”, and not “Pillar 2 Guidance”, will be relevant in determining whether an institution meets its combined buffer requirement for the purposes of the Maximum Distributable Amount restrictions.

In addition to the above, the Maximum Distributable Amount restrictions are being extended in order to encompass also the minimum Leverage Ratio requirement and the MREL requirement. Within the CRD Reform Package a new Article 141b is included in the CRD IV Directive which introduces restrictions on distributions in the case of failure to meet the Leverage Ratio buffer requirement (i.e. G-SIB buffer), thus introducing a new Leverage Ratio Maximum Distributable Amount (**L-MDA**). The BRRD Reforms also contains a new Article 16a that clarifies the stacking order between the combined buffer requirement and the MREL requirements (including the Pillar I MREL requirement). Pursuant to this new provision the resolution authority shall have the power to prohibit an entity from distributing more than the Maximum Distributable Amount for the Minimum Requirement for Own Funds and Eligible Liabilities “MREL” (calculated in accordance with the proposed Article 16a(4) of the BRRD, the **M-MDA**) where the combined buffer requirement is not met when considered in addition to the MREL requirement. Article 16a, in its current form, envisages a potential nine month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision, before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

The following tables show the impact of the Pillar 2 capital requirement on the required minimum CET1 Capital ratio, Tier 1 Capital ratio and Total Capital ratio, in each case on a consolidated basis, as from the dates indicated, on the level at which the Maximum Distributable Amount restrictions will take effect:

Required minimum CET1 Capital ratio	
	As at 31 March 2019 (fully loaded)
Pillar 1 CET1	4.50%
Pillar 2 CET1 requirement	2.00%
Combined capital buffer requirement	3.57% <sup>1</sup>
<b>MDA level</b>	<b>10.07%</b>

<sup>1</sup> Including 0.07% of countercyclical capital buffer as at 31 March 2019, to be calculated on a quarterly basis.



<b>Required Minimum Tier 1 ratio</b>	
	<b>As at 31 March 2019 (fully loaded)</b>
Pillar 1 CET1	4.50%
Pillar 1 Additional Tier 1 <sup>1</sup>	1.50%
Pillar 2 CET1 requirement	2.00%
Combined capital buffer requirement	3.57% <sup>2</sup>
<b>MDA level</b>	<b>11.57%</b>

<sup>1</sup> May be comprised of Additional Tier 1 or CET1.

<sup>2</sup> Including 0.07% of countercyclical capital buffer as at 31 March 2019, to be calculated on a quarterly basis.

<b>Required Minimum Total Capital ratio</b>	
	<b>As at 31 March 2019 (fully loaded)</b>
Pillar 1 CET1	4.50%
Pillar 1 Additional Tier 1 <sup>1</sup>	1.50%
Pillar 1 Tier 2 <sup>2</sup>	2.00%
Pillar 2 CET1 requirement	2.00%
Combined capital buffer requirement	3.57% <sup>3</sup>
<b>MDA level</b>	<b>13.57%</b>

<sup>1</sup> May be comprised of Additional Tier 1 or CET1.

<sup>2</sup> May be comprised of Tier 2, Additional Tier 1 or CET1.

<sup>3</sup> Including 0.07% of countercyclical capital buffer as at 31 March 2019, to be calculated on a quarterly basis.

As at 31 March 2019, the consolidated capital ratios (CET1 Capital, Tier 1 and Total Capital ratios), are set out in the table below:

<b>Capital ratios</b>	<b>31 March 2019<sup>1</sup></b>	<b>31 December 2018</b>
CET1 Capital ratio	12.25%	12.13%
Tier 1 ratio	13.93%	13.64%
Total Capital ratio	16.36%	15.80%

<sup>1</sup> Starting from 1 January 2019, CET1 Capital is fully loaded, as the transitional period related to such capital component has expired. In addition, as of 31 March 2019 the transitional adjustments were still applicable with reference to the 30% of the phase out limit for the Additional Tier 1 and Tier 2 capital instruments subject to grandfathering, in compliance with CRR article 486 (40% for 2018).

Such ratios exceed the applicable regulatory requirements described above, but there can be no assurance that the total capital requirements (Pillar 1 plus Pillar 2 plus combined buffer requirement) imposed on the Issuer and/or the UniCredit Group from time to time may not be higher than the levels of capital available at such point in time. Also, there can also be no assurance as to the result of any future SREP carried out by the ECB and

whether this will impose any further Pillar 2 additional Own Funds requirements on the Issuer and/or the UniCredit Group.

If at any time the Issuer is unable to maintain its total CET1 at the level necessary to meet its combined capital buffer requirement, a Maximum Distributable Amount restriction would be applicable and the Issuer may be required to cancel interest payments on the Additional Tier 1 Notes.

### *General*

The Issuer's capital requirements, including Pillar 1 and Pillar 2 requirements, TLAC, MREL and the combined buffer requirement, are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Investors in the Additional Tier 1 Notes may not be able to assess or predict accurately the proximity of the risk of discretionary payments on the Additional Tier 1 Notes being prohibited from time to time as a result of the operation of Article 141 of the CRD IV Directive and, if relevant, in other similar payment restriction provision(s) under the Relevant Regulations. There can be no assurance that any of the capital and MREL requirements or the combined capital buffer requirements applicable to the Issuer will not be amended in the future to include new and more onerous requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Additional Tier 1 Notes.

These issues and other possible issues of interpretation make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit interest payments on the Additional Tier 1 Notes, the reinstatement of the Prevailing Principal Amount of the Additional Tier 1 Notes following a Write-Down, and the ability of the Issuer to redeem and purchase the Additional Tier 1 Notes. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Additional Tier 1 Notes.

*The Additional Tier 1 Notes may be traded with accrued interest, but under certain circumstances, such interest may be cancelled and not paid on the relevant Interest Payment Date*

The Additional Tier 1 Notes may trade, and/or the prices for the Additional Tier 1 Notes may appear, on the Official List of the Luxembourg Stock Exchange and in other trading systems with accrued interest. If this occurs, purchasers of Additional Tier 1 Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Additional Tier 1 Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Additional Tier 1 Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date. This may affect the value of any investment in the Additional Tier 1 Notes.

For the avoidance of doubt accrued interest will also be cancelled following a Write-Down as described in "*The Issuer may be required to reduce the principal amount of the Additional Tier 1 Notes to absorb losses, which would also impact the Interest Amounts payable on any Interest Payment Date while the Additional Tier 1 Notes are written down*".

*The Issuer may be required to reduce the principal amount of the Additional Tier 1 Notes to absorb losses, which would also impact the Interest Amounts payable on any Interest Payment Date while the Additional Tier 1 Notes are written down*

The Additional Tier 1 Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital under the CRD IV both at the level of the Issuer and at the level of the UniCredit Group. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Additional Tier 1 Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, under the Terms and Conditions for the Italian Law Notes, if at any time the Issuer's or the UniCredit Group's Common Equity Tier 1 Capital Ratio falls below 5.125 per cent. or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer and/or the UniCredit Group (a **Contingency Event**), the Issuer shall reduce the then Prevailing Principal Amount of the Additional Tier 1 Notes by the Write-Down Amount, *pro rata* with the other Additional Tier 1 Notes and taking into account the write-down (or write-off) or conversion into Ordinary Shares of any other Loss Absorbing Instruments. See Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes.

Although Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes permits the Issuer in its full discretion to reinstate Written-Down principal amounts up to a maximum of the Initial Principal Amount if certain conditions (further described therein) are met, the Issuer is under no obligation to do so. Moreover, the Issuer will only have the option to Write-Up the principal amount of the Additional Tier 1 Notes if, at a time when the Prevailing Principal Amount of the Additional Tier 1 Notes is less than their Initial Principal Amount, both a positive Net Income and a positive Consolidated Net Income are recorded, and if the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the Relevant Regulations (or, if different, any provision of Italian law transposing or implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s), as amended or replaced)) would not be exceeded as a result of the Write-Up.

No assurance can be given that these conditions will ever be met, or that the Issuer will ever Write-Up the principal amount of the Additional Tier 1 Notes following a Write-Down. Furthermore, any Write-Up must be undertaken on a *pro rata* basis with the other Additional Tier 1 Notes and any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a basis similar to that set out in Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in the circumstances then existing.

During the period of any Write-Down pursuant to Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes, interest will accrue (subject in certain circumstances to the Maximum Distributable Amount, as further set out below) on the Prevailing Principal Amount of the Additional Tier 1 Notes, which shall be lower than the Initial Principal Amount unless and until the Additional Tier 1 Notes are subsequently Written-Up in full. Furthermore, in the event that a Write-Down occurs during an Interest Period, any interest accrued but not yet paid up to the occurrence of such Write-Down will be cancelled. See generally Condition 7.4 (*Calculation of Interest Amount in case of Write Down*) of the Terms and Conditions for the Italian Law Notes.

Noteholders may lose all or some of their investment as a result of a Write Down. If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer, or if the Issuer is liquidated for any other reason prior to the Additional Tier 1 Notes being written-up in full pursuant to Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*) of the Terms and Conditions for the Italian Law Notes, Noteholders' claims for principal and interest will be based on the reduced Prevailing Principal Amount of the Additional Tier 1 Notes.

In addition, in certain circumstances the Maximum Distributable Amount will impose a cap on the Issuer's ability to pay interest on the Additional Tier 1 Notes, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Additional Tier 1 Notes following a Write-Down and on its ability to redeem or repurchase Additional Tier 1 Notes. See generally "*If the Issuer breaches the combined buffer requirement a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*".

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

In the event that the relevant resolution authority utilises the general bail-in tool, this could materially adversely affect the rights of Noteholders, the price or value of their investment in any Additional Tier 1 Notes and/or the ability of the Issuer to satisfy its obligations under the Additional Tier 1 Notes. In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as the Additional Tier 1 Notes at the point of non-viability and before any other resolution action is taken. Any shares issued to holders of subordinated notes (such as the Additional Tier 1 Notes) upon any such conversion into equity may also be subject to any application of the general bail-in tool. See generally "*The Additional Tier 1 Notes may be subject to write-down, cancellation or conversion upon the occurrence of the exercise by the relevant resolution authority of the general bail-in tool or capital instruments write-down and conversion powers, which powers are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down on the occurrence of a Contingency Event*".

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

The occurrence of a Contingency Event, which would result in a Write-Down of the Prevailing Principal Amount of the Additional Tier 1 Notes (and the cancellation of interest accrued not yet paid up to the occurrence of the Write-Down) or the application of a Maximum Distributable Amount, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. Also, whether a Contingency Event has occurred at any time shall be determined by the Issuer and the Competent Authority. Because the Competent Authority may require Common Equity Tier 1 Capital Ratios to be calculated as of any date (which calculation shall be binding on the Noteholders), a Contingency Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratios of the Issuer or of the UniCredit Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's earnings or dividend payments, the mix of its businesses, its ability to effectively manage the risk-weighted assets in its ongoing businesses, losses in the context of its banking activities or other businesses, changes in the UniCredit Group's structure or organisation. The calculation of the ratios also may be affected by changes in the applicable laws and regulations or applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

Accordingly, the trading behaviour of the Additional Tier 1 Notes may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer or of the UniCredit Group is approaching the level that would trigger a Contingency Event or a breach of the combined buffer requirement may have an adverse effect on the market price and liquidity of the Additional Tier 1 Notes. Under such circumstances, investors may not be able to sell their Additional Tier 1 Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

*Changes to the calculation of Common Equity Tier 1 Capital and/or Risk Weighted Assets may negatively affect the Issuer or the UniCredit Group's Common Equity Tier 1 Capital Ratio*

In addition, regulatory initiatives may impact the calculation of the Issuer or the UniCredit Group's Risk Weighted Assets, being the denominator of the Issuer's and the UniCredit Group's Common Equity Tier 1 Capital Ratio, respectively. On 7 December 2017, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (GHOS), has endorsed the outstanding Basel III post-crisis regulatory reforms. The revisions seek to restore credibility in the calculation of RWAs and improve the comparability of banks' capital ratios by enhancing the robustness and risk sensitivity of the standardised approaches for credit risk, credit valuation adjustment (CVA) risk and operational risk; constraining the use of the internal model approaches, by placing limits on certain inputs used to calculate capital requirements under the IRB approach for credit risk and by removing the use of the internal model approaches for CVA risk and for operational risk; introducing a leverage ratio buffer to further limit the leverage of G-SIBs; and replacing the existing Basel II output floor with a more robust risk-sensitive floor based on the Committee's revised Basel III standardised approaches. The implementation of this new risk assessment framework, which should occur from 1 January 2022 (with transitional arrangement for phasing in the aggregate output floor), will impact the calculation of the Issuer's or the UniCredit Group's Risk Weighted Assets and, consequently, the Issuer or the UniCredit Group's Common Equity Tier 1 Capital Ratio. The EU is expected to implement these standards by way of new changes to the CRR (CRR III) which are expected to be proposed not before the summer of 2020.

Any changes that may occur in the application to the Issuer and/or the UniCredit Group of the CRD IV rules, the loss absorbency requirements under the BRRD (including MREL) or the FSB's TLAC proposals subsequent to the date of this Base Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in the aggregate negatively affect the Issuer or the UniCredit Group's Common Equity Tier 1 Capital Ratio and thus increase the risk of a Contingency Event, which will lead to Write-Down, and a breach of the combined buffer requirement, as a result of which Noteholders could lose all or part of the value of their investment in the Additional Tier 1 Notes.

*The Additional Tier 1 Notes may be subject to write-down, cancellation or conversion upon the occurrence of the exercise by the relevant resolution authority of the general bail-in tool or capital instruments write-down and conversion powers, which powers are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down on the occurrence of a Contingency Event*

Noteholders should understand that the powers to convert, write-down or cancel the Additional Tier 1 Notes given to resolution authorities pursuant to the rules and regulations described below are in addition to the terms of the Additional Tier 1 Notes which provide for Write-Down upon the occurrence of a Contingency Event.

Investors should be aware that, in addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently/convert into equity capital instruments such as the Additional Tier 1 Notes through the application of Non-Viability Loss Absorption. Any shares issued to holders of Additional Tier 1 Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

As a result, the Additional Tier 1 Notes may be subject to a partial or full write-down or conversion to common equity Tier 1 instruments of the Issuer or one of the UniCredit Group's entities or another institution. Accordingly, trading behaviour may also be affected by the threat that Non-Viability Loss Absorption may be applied to the Additional Tier 1 Notes and, as a result, the Additional Tier 1 Notes are not necessarily expected to follow the trading behaviour associated with other types of securities. Noteholders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if the Non-Viability Loss Absorption is applied to the Additional Tier 1 Notes or that such Additional Tier 1 Notes may be converted into ordinary shares which ordinary shares may be of little value at the time of conversion.

*The Issuer's interests may not be aligned with those of investors in the Additional Tier 1 Notes*

The Common Equity Tier 1 Capital Ratio, Distributable Items and any Maximum Distributable Amount will depend in part on decisions made by the Issuer and other entities in the UniCredit Group relating to their businesses and operations, as well as the management of their capital position. The Issuer and other entities in the UniCredit Group will have no obligation to consider the interests of Noteholders in connection with their strategic decisions, including in respect of capital management and the relationship among the various entities in the UniCredit Group and the UniCredit Group's structure. The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Contingency Event. Moreover, in order to avoid the use of public resources, the Competent Authority may decide that the Issuer should allow a Contingency Event to occur at a time when it is feasible to avoid it. Noteholders will not have any claim against the Issuer or any other entity in the UniCredit Group relating to decisions that affect the capital position of the Issuer or the UniCredit Group, regardless of whether they result in the occurrence of a Contingency Event. Such decisions could cause Noteholders to lose all or part of their investment in the Additional Tier 1 Notes.

*No scheduled redemption*

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

The Issuer may, at its sole discretion (but subject to the provisions of Condition 10.15 (*Conditions to Early Redemption and Purchase of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes) redeem the Additional Tier 1 Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 11 (*Taxation*), as described in Condition 10.2 (*No fixed redemption for the Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes.

In addition, the Issuer may also, at its sole discretion (but subject to the provisions of Condition 10 (*Redemption and Purchase*) of the Terms and Conditions for the Italian Law Notes), redeem the Additional Tier 1 Notes in whole, but not in part, following the occurrence of a Capital Event and in whole, or in part, following the occurrence of a Tax Event (each as defined herein) at their Prevailing Principal Amount, plus, in each case, if relevant, any accrued interest and any additional amounts due pursuant to Condition 11 (*Taxation*) as described in Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) and Condition 10.3 (*Redemption for tax reasons*) of the Terms and Conditions for the Italian Law Notes. See also "*Regulatory classification of the Notes*" and "*Early redemption and purchase of the Additional Tier 1 Notes may be restricted*" below.

### Regulatory classification of the Notes

The intention of UniCredit is for Additional Tier 1 Notes to qualify on issue as "Additional Tier 1 Capital" for regulatory capital purposes.

Although it is UniCredit's expectation that the Additional Tier 1 Notes qualify on issue as "Additional Tier 1 Capital", there can be no representation that this is or will remain the case during the life of the Additional Tier 1 Notes. If there is a change in the regulatory classification of the Additional Tier 1 Notes that would be likely to result in their exclusion from "Additional Tier 1 Capital" and, in respect of any redemption of the relevant Additional Tier 1 Notes proposed to be made prior to the fifth anniversary of the Issue Date, both of the following conditions are met: (i) the Competent Authority considers such a change to be reasonably certain and (ii) UniCredit demonstrates to the satisfaction of the Competent Authority that the change in the regulatory classification of the Additional Tier 1 Notes was not reasonably foreseeable by UniCredit as at the date of the issue of the relevant Additional Tier 1 Notes, UniCredit will (if so specified in the applicable Final Terms) have the right to redeem the Additional Tier 1 Notes in accordance with Condition 10.4 (*Redemption for regulatory reasons (Regulatory Call)*) of the Terms and Conditions for the Italian Law Notes, subject to, *inter alia*, the prior approval of the relevant Competent Authority and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations. There can be no assurance that holders of such Additional Tier 1 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.

### Early redemption and purchase of the Additional Tier 1 Notes may be restricted

Any early redemption or purchase of Additional Tier 1 Notes is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

- (i) the Issuer giving notice to the relevant Competent Authority and such Competent Authority granting prior permission to redeem or purchase the relevant Additional Tier 1 Notes (in each case to the extent, and in the manner, required by the Relevant Regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations); and
- (ii) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Relevant Regulations for the time being.

In addition, any proposed redemption of Additional Tier 1 Notes prior to the fifth anniversary of their Issue Date shall (i) in the case of a Capital Event, be restricted as set out above under "*Regulatory Classification of the Notes*" and (ii) in the case of a Tax Event, be limited to circumstances in which the change or amendment giving rise to the Tax Event is, to the satisfaction of the relevant Competent Authority, material and was not reasonably foreseeable by the Issuer as at the Issue Date of the relevant Additional Tier 1 Notes.

*There can be no assurance that the relevant Competent Authority will permit any redemption or purchase of Additional Tier 1 Notes. See also "No scheduled redemption" above. In addition, the Issuer may elect not to exercise any option to redeem any Additional Tier 1 Notes early or at any time. Holders of Additional Tier 1 Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for an indefinite period.*

### While the Additional Tier 1 Notes are in global form, there may be a delay in reflecting any Write-Down or Write-Up of the Additional Tier 1 Notes in the clearing systems

For as long as the Additional Tier 1 Notes are in global form and in the event that any Write-Down or Write-Up is required pursuant to the Conditions, the records of Euroclear and Clearstream, Luxembourg or any other clearing system of their respective participants' position held in the Additional Tier 1 Notes may not be immediately updated to reflect the amount of Write-Down or Write-Up and may continue to reflect the Prevailing Principal Amount of the Additional Tier 1 Notes prior to such Write-Down or Write-Up, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the Write-Down or Write-Up will occur. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records. Further, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their

respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Additional Tier 1 Notes in global form will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

### ***Risks relating to Inflation Linked Interest Notes***

The Issuer may issue Inflation Linked Interest Notes where the amount of interest is dependent upon the level of an inflation/consumer price index or indices.

Potential investors in any such Notes should be aware that depending on the terms of the Inflation Linked Interest Notes they may receive no interest or a limited amount of interest. In addition, the movements in the level of the inflation/consumer price index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual return to investors, even if the average level is consistent with their expectations.

Inflation Linked Interest Notes may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to an inflation/consumer price index publication being delayed or ceasing or such index being rebased or modified. If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Notes and consequently adversely affect the value of the Notes. Any such adjustments may be by reference to a Related Bond if specified in the applicable Final Terms. In addition certain extraordinary or disruption events may lead to early termination of the Notes which may have an adverse effect on the value of the Notes. Whether and how such provisions apply to the relevant Notes can be ascertained by reading the Inflation Linked Conditions in conjunction with the applicable Final Terms.

If the amount of interest payable is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the inflation/consumer price index or the indices or interest payable will be magnified.

A relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the interest payable on the Notes (if applicable).

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant index or indices may affect the actual yield to investors on the Notes, even if the average level is consistent with their expectations.

An inflation or consumer price index to which interest payments are linked is only one measure of inflation for the relevant jurisdiction or area, and such Index may not correlate perfectly with the rate of inflation experienced by Noteholders in such jurisdiction or area.

The market price of Inflation Linked Interest Notes may be volatile and may depend on the time remaining to the maturity date or expiration and the volatility of the level of the inflation or consumer price index or indices. The level of the inflation or consumer price index or indices may be affected by the economic, financial and political events in one or more jurisdictions or areas.

### ***Risks applicable to certain types of Exempt Notes***

*There are particular risks associated with an investment in certain types of Exempt Notes, such as Index Linked Notes and Dual Currency Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or all of the principal amount invested by it.*

The 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 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 or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in the light of its particular circumstances.

*Where Notes are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of its investment*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of its investment.

*Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities*

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 will have more volatile market values than conventional 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.

### ***Risks related to Notes generally***

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

The Conditions of the Notes contain provisions which may permit their modification without the consent of all Noteholders and, in the case of English Law Notes, confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

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 Terms and Conditions for the English Law Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular holders of the English Law Notes, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the English Law Notes or (ii) determine without the consent of the holders of the English Law Notes that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any English Law Notes in place of the Issuer, in the circumstances described in Condition 17 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Terms and Conditions for the English Law Notes.

*The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”*

Interest rates and indices which are deemed to be “benchmarks” (including, without limitation, LIBOR and EURIBOR), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a “benchmark”. Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the official journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of “benchmarks” of administrators that are not authorised/registered (or, if non-EU based, deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a rate or index deemed to be a “benchmark”, including, without limitation, any Floating Rate Notes linked to or referencing LIBOR and/or EURIBOR or any Reset Notes referencing the relevant swap rate for swap transactions in the Specified Currency (as specified in the applicable Final Terms or Pricing Supplement with respect to the relevant Notes), in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to such “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark”.

As an example of such benchmark reforms, on 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted. Other interbank offered rates such as EURIBOR (together with LIBOR, **IBORs**) suffer from similar weaknesses to LIBOR and as a result (although no deadline has been set for their discontinuation), they may be discontinued or be subject to changes in their administration.

Investors should be aware that, if an IBOR or any originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes (each an **Original Reference Rate**) were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes or Reset Notes which reference such Original Reference Rate will be determined for the relevant period by the fallback provisions applicable to such Notes, as indicated in the “Terms and Conditions for the English Law Notes” or the “Terms and Conditions for the Italian Law Notes”. Such provisions could have an adverse effect on the value or liquidity of, and return on, any relevant Notes referring the relevant Original Reference Rate.

The “Terms and Conditions for the English Law Notes” or the “Terms and Conditions for the Italian Law Notes”, as the case may be, provide also for certain additional arrangements in the event that a published Original Reference Rate (including any page on which such Original Reference Rate may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a Successor Reference Rate determined by the Issuer or an Alternative Reference Rate determined by an Independent Adviser or failing that, by the Issuer, and that such Successor Reference Rate or Alternative Reference Rate may be adjusted (if required) by the application of an Adjustment Spread. The application of a Successor Reference Rate or an Alternative Reference Rate or an Adjustment Spread may result in the relevant Notes performing differently (which may include payment of a lower interest rate) than they would do if the relevant Original Reference Rate were to continue to apply in its current form. If no Adjustment Spread is determined, a Successor Reference Rate or Alternative Reference Rate may nonetheless be used to determine the rate of interest. In certain circumstances, the ultimate fallback of interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last used for the relevant Notes or last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. If the Independent Adviser or, as applicable, the Issuer determines that amendments to the “Terms and Conditions for the English Law Notes” or the “Terms and Conditions for the Italian Law Notes”, as the case may be, the Trust Deed, the Agency Agreement for the English Law Notes and the Agency Agreement for the Italian Law Notes are necessary to ensure the proper operation of any Successor Reference Rate or Alternative Reference Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 6.2(j) (*Reference Rate Replacement*) of the Terms and Conditions for the English Law Notes and by Condition 6.4 (*Reference Rate Replacement*) of the Terms and Conditions for the Italian Law Notes.

*The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of the Reset Notes*

Reset Notes will initially bear interest at the Initial Rate of Interest from and including the Interest Commencement Date up to but excluding the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a **Subsequent Reset Rate of Interest**). The Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

### *Risks related to Singapore taxation*

Notes issued in Singapore dollars are intended to be, where applicable, “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (the **ITA**), subject to the fulfilment of certain conditions as further described under “*Taxation in Singapore*”. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith under the ITA should the relevant tax laws be amended or revoked at any time, which amendment or revocation may be prospective or retroactive.

### *U.S. Hiring Incentives to Restore Employment Act Withholding*

The U.S. Hiring Incentives to Restore Employment Act (the **HIRE Act**) imposes a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or “deemed paid” under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section “*U.S. Hiring Incentives to Restore Employment Act*” in the Taxation section.

### *The value of the Notes could be adversely affected by a change in English or Italian laws or administrative practice*

The Terms and Conditions for the English Law Notes are based on English law in effect as at the date of this Base Prospectus, save that subordination provisions applicable to Subordinated Notes and the contractual recognition of statutory Bail-in Powers are governed by, and shall be construed in accordance with, Italian law in effect as at the date of this Base Prospectus, the Italian Law Notes are based on Italian law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or to Italian law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

### *Risk relating to the governing law of the Italian Law Notes*

The Terms and Conditions for the Italian Law Notes are governed by Italian law and Condition 20.1 of the Terms and Conditions for the Italian Law Notes provides that contractual and non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Italian Law. The Global Notes representing the Italian Law Notes provide that all contractual and non-contractual obligations arising out of or in connection with the Global Notes representing the Italian Law Notes are governed by Italian law, save for the form and transfereability of the Global Notes which are governed by English law. Furthermore, Temporary Global Notes or the Permanent Global Notes, whether issued in CGN or NGN form, as the case may be, representing the Italian Law Notes are signed by the Issuer in the United Kingdom and, thereafter, delivered to Citibank N.A., London Branch as initial Principal Paying Agent, being the entity in charge for, *inter alia*, completing, authenticating and delivering the Temporary Global Notes and Permanent Global Notes and (if required) authenticating and delivering Definitive Notes, hence the Italian Law Notes would be deemed to be issued in England and according to Italian law. Article 59 of Law No. 218 of 31 May 1995 (regarding the Italian international private law rules) provides that “other debt securities (*titoli di credito*) are governed by the law of the State in which the security was issued”.

In light of the above, the Issuer cannot foresee the effect of any potential misalignment between the laws applicable to the Terms and Conditions for the Italian Law Notes and the Global Notes and the laws applicable to their transfer and circulation for any prospective investors in the Italian Law Notes and any disputes which may arise in relation to, *inter alia*, the transfer of ownership in the Italian Law Notes.

### *Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.*

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 in excess of the minimum Specified Denomination 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 would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, 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 at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form 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.

*The Renminbi is not freely convertible and there are significant restrictions on the remittance of the Renminbi into and outside the PRC which may affect the liquidity of the Notes*

The Renminbi is not freely convertible at present. The government of the PRC (the **PRC Government**) continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar despite the significant reduction over the years by the PRC Government of control over routine foreign exchange transactions under current accounts. This represents a current account activity. However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although since 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the IMF, there is no assurance that the PRC Government will continue to liberalise the control over cross-border Renminbi remittances in the future, that any pilot schemes for Renminbi cross-border liberalisation will not be discontinued or that new PRC regulations, or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital accounts items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi (the **Renminbi Notes**).

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service the Renminbi Notes*

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the PBoC has entered into agreements on the clearing of RMB business (the **Settlement Agreements**) with financial institutions in a number of financial centres and cities (the **RMB Clearing Banks**), including but not limited to Hong Kong, and are in the process of establishing RMB clearing and settlement mechanisms in several other jurisdictions, the current size of RMB denominated financial assets outside the PRC is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The relevant Renminbi Clearing Bank only has access to onshore liquidity support from the PBoC only for the purpose of squaring open positions of participating banks for limited types of transactions. The relevant Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, the offshore Renminbi market is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreements will not be terminated or amended so as to have the effect of restricting the availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent that the Issuer is required to source Renminbi in the offshore market to service the Renminbi Notes, there is no assurance that it will be able to source such Renminbi on satisfactory terms, if at all. If the Renminbi is not available in certain circumstances as described in the conditions applicable to Renminbi Notes, the Issuer can make payments under the Renminbi Notes in U.S. Dollars or such other currency as specified in the applicable final terms or pricing supplement of the Notes (as the case may be).

*Investment in the Renminbi Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other

factors. In August 2015, the PBoC implemented changes to the way it calculates the midpoint against the U.S. Dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. All payments of interest and principal will be made with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar terms (or in terms of other applicable foreign currencies) may vary with the prevailing exchange rates in the market place. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of the investment in U.S. dollar or other applicable foreign currency terms will decline. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (as defined in the Terms and Conditions of the Notes), the Issuer is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Conditions of the Notes allow the Issuer to make payment in U.S. dollars or such other currency as specified in the applicable final terms or pricing supplement of the Notes (as the case may be) at the prevailing Spot Rate (as defined in the Conditions of the Notes) for the relevant Determination Date (as defined in the Conditions of the Notes), all as provided in more detail in the Conditions of the Notes. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in U.S. dollar or other foreign currency terms will decline.

*An investment in Renminbi Notes is subject to interest rate risk*

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Renminbi Notes will vary with fluctuations in interest rates. If a holder of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

*An investment in Renminbi Notes is subject to risk of change in the regulatory regime governing the issuance of Renminbi Notes*

Renminbi Notes issuance is subject to laws and regulations of the relevant RMB Settlement Centre(s) (as defined in the Terms and Conditions of the Notes). The PRC Government currently views Hong Kong as one of the key offshore RMB-denominated debt instrument centres and has established a cooperative relationship with Hong Kong's local government to develop the RMB-denominated debt instrument market. There can be no assurance that the PRC Government will continue to encourage issuance of RMB-denominated debt instruments outside of mainland China and any change in the Chinese government's policy or the regulatory regime governing the issuance of RMB-denominated debt instruments may adversely affect the Renminbi Notes.

*Payments in respect of the Renminbi Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes*

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the RMB Settlement Centre(s). All Renminbi payments to investors in respect of the Notes will be made solely (i) for so long as the Notes are represented by Global Notes held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system by transfer to a Renminbi bank account maintained in RMB Settlement Centre(s) in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the Notes are in definitive form, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than described in the Conditions of the Notes, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

### PRC Taxation

Prospective purchasers or Holders of the Notes are advised to consult their own tax advisers as to the overall PRC tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state or local taxes, under the tax laws of the PRC.

### *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:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and may be sensitive to changes in financial markets. 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 should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount or 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.

If an investor holds Notes which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes 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 or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or 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, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). 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, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the 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 is set out on the cover of this Base Prospectus.

## Responsibility Statement

The Issuer (the **Responsible Person**) accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Responsible Person, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is in accordance with the facts and contains no omissions likely to affect its import.



## Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Non-exempt Offer of Senior or Subordinated Notes, the Issuer accepts responsibility in each of the Non-exempt Offer Jurisdictions for the content of this Base Prospectus under Article 6 of the Prospectus Directive in relation to any person (an **Investor**) who acquires any Senior or Subordinated Notes in a Non-exempt Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under “*Consent*” and “*Common Conditions to Consent*” below.

None of the Issuer or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, the Issuer has not authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Senior or Subordinated Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and none of the Issuer and, for the avoidance of doubt, any Dealer accepts any responsibility or liability in relation to such offer for the actions of the persons making any such unauthorised offer.

If, in the context of a Non-exempt Offer, an Investor is offered Senior or Subordinated Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

The financial intermediaries referred to in paragraphs(a)(ii), (a)(iii) and (b) below are together the **Authorised Offerors** and each an **Authorised Offeror**.

### *Consent*

In connection with each Tranche of Senior or Subordinated Notes and subject to the conditions set out below under “*Common Conditions to Consent*”:

(a) **Specific Consent:** the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Senior or Subordinated Notes by:

- (i) the relevant Dealer(s) or Manager(s) specified in the applicable Final Terms;
- (ii) any financial intermediaries specified in the applicable Final Terms; and
- (iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer; and

(b) **General Consent:** if (and only if) Part B of the applicable Final Terms specifies “General Consent” as “Applicable”, the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Senior or Subordinated Notes by any financial intermediary which satisfies the following conditions:

- (i) it is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2014/65/EU); and
- (ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed) (the **Acceptance Statement**):

“We, *[insert legal name of financial intermediary]*, refer to the offer of *[insert title of relevant Senior or Subordinated Notes]* (the **Notes**) described in the Final Terms dated *[insert date]* (the **Final Terms**) published by UniCredit S.p.A. (the **Issuer**). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in *[specify Member State(s)]* during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus), and confirm that we are using the Base Prospectus accordingly.”

The consent referred to above relates to Non-exempt offers occurring within 12 months from the date of this Base Prospectus.

The **Authorised Offeror Terms** are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
- (I) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the **Rules**) from time to time including, without limitation, and in each case, Rules relating to both the appropriateness or suitability of any investment in the Senior or Subordinated Notes by any person and disclosure to any potential Investor;
  - (II) comply with the restrictions set out under “*Subscription and Sale*” in this Base Prospectus which would apply if the relevant financial intermediary were a Dealer and consider the relevant manufacturer’s target market assessment and distribution channels identified under the “MiFID II product governance” legend set out in the applicable Final Terms;
  - (III) ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by the relevant financial intermediary in relation to the offer or sale of the Senior or Subordinated Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
  - (IV) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Senior or Subordinated Notes under the Rules;
  - (V) comply with applicable anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Senior or Subordinated Notes by the Investor), and will not permit any application for Senior or Subordinated Notes in circumstances where the financial intermediary has any suspicions as to the source of the application moneys;
  - (VI) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the rules, make such records available to the relevant Dealer and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules applying to the Issuer and the relevant Dealer, as the case may be;
  - (VII) immediately inform the Issuer and the relevant Dealer if at any time it becomes aware, or suspects, that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
  - (VIII) ensure that no holder of Senior or Subordinated Notes or potential Investor in Senior or Subordinated Notes shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

- (IX) co-operate with the Issuer and the relevant Dealer in providing relevant information (including, without limitation, documents and records maintained pursuant to paragraph (I) above) and such further assistance as is reasonably requested upon written request from the Issuer or the relevant Dealer in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process. For this purpose, relevant information is information that is available to or can be acquired by the relevant financial intermediary:
- (i) in connection with any request or investigation by any regulator in relation to the Senior or Subordinated Notes, the Issuer or the relevant Dealer; and/or
  - (ii) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in the Rules; and/or
  - (iii) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Senior or Subordinated Notes and/or to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements;
- (X) during the primary distribution period of the Senior or Subordinated Notes: (i) only sell the Senior or Subordinated Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Senior or Subordinated Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Senior or Subordinated Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;
- (XI) either (i) obtain from each potential Investor an executed application for the Senior or Subordinated Notes, or (ii) keep a record of all requests the relevant financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Senior or Subordinated Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (XII) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (XIII) comply with the conditions to the consent referred to under “Common Conditions to Consent” below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;
- (XIV) make available to each potential Investor in the Senior or Subordinated Notes this Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus; and
- (XV) if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the

Issuer as issuer of the relevant Senior or Subordinated Notes on the basis set out in this Base Prospectus;

- (B) agrees and undertakes to each of the Issuer and the relevant Dealer that if it or any of its respective directors, officers, employees, agents, affiliates and controlling persons (each a **Relevant Party**) incurs any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) (a **Loss**) arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by the relevant financial intermediary, including (without limitation) any unauthorised action by the relevant financial intermediary or failure by it to observe any of the above restrictions or requirements or the making by it of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer, the relevant financial intermediary shall pay to the Issuer, or the relevant Dealer, as the case may be, an amount equal to the Loss. Neither the Issuer nor any Dealer shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this provision; and
- (C) agrees and accepts that:
- (I) the contract between the Issuer and the relevant financial intermediary formed upon acceptance by the relevant financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Exempt Offer (the **Authorised Offeror Contract**), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law if the applicable Senior or Subordinated Notes are English Law Notes, or Italian law if the applicable Senior or Subordinated Notes are Italian Law Notes;
  - (II) subject to paragraph (IV) below, the English courts if the applicable Senior or Subordinated Notes are English Law Notes, or Italian courts if the applicable Senior or Subordinated Notes are Italian Law Notes, have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a **Dispute**) and the Issuer and the relevant financial intermediary submit to the exclusive jurisdiction of the English courts or Italian courts, as appropriate;
  - (III) for the purposes of paragraphs (II) above and (IV) below, the Issuer and the relevant financial intermediary waive any objection to the English courts if the applicable Senior or Subordinated Notes are English Law Notes, or Italian courts if the applicable Senior or Subordinated Notes are Italian Law Notes, on the grounds that they are an inconvenient or inappropriate forum to settle any dispute; and
  - (IV) the Issuer and each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

**Any Authorised Offeror falling within paragraph (a) above and who meets the other conditions stated in "Common Conditions to Consent" below and who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.**

#### ***Common Conditions to Consent***

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (a) above if Part B of the applicable Final Terms specifies "*General Consent*" as "*Applicable*") that such consent:

- I. is only valid during the Offer Period specified in the applicable Final Terms; and

- II. only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Senior or Subordinated Notes in the Republic of Italy, Luxembourg, the Federal Republic of Germany and Austria as specified in the applicable Final Terms.

The consent referred to above only relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

Each Tranche of Senior or Subordinated Notes may only be offered to Investors as part of a Non-exempt Offer in each Relevant Member State specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

***ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS***

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY SENIOR OR SUBORDINATED NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH SENIOR OR SUBORDINATED NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE SENIOR OR SUBORDINATED NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.**

## Stabilisation

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or Pricing Supplement 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, stabilisation may not necessarily occur. 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 cease 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 Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## Overview of the Programme

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes other than Exempt Notes, and if appropriate, a new Base Prospectus or a supplement to the Base Prospectus, will be published.*

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in the sections headed “*Form of the Notes*”, “*Terms and Conditions for the English Law Notes*” or, as the case may be, “*Terms and Conditions for the Italian Law Notes*” shall have the same meanings in this Overview.

<b>Issuer:</b>	UniCredit S.p.A. ( <b>UniCredit</b> )
<b>Issuer Legal Entity Identifier (LEI):</b>	549300TRUWO2CD2G5692
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	UniCredit Bank AG
<b>Dealers:</b>	UniCredit Bank AG  and any other Dealers appointed from time to time in accordance with the Seventeenth Amended and Restated Programme Agreement.
<b>Certain Restrictions:</b>	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 Base Prospectus.
<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 Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Principal Paying Agent:</b>	Citibank, N.A., London Branch or such other agent(s) specified in the applicable Final Terms or Pricing Supplement.
<b>Trustee (for the English Law Notes):</b>	Citicorp Trustee Company Limited.
<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>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in euro, Sterling, U.S. dollars, yen, Renminbi (CNY) and any other currency agreed between the Issuer and the relevant Dealer(s).

<b>Rule 144A Option:</b>	Registered Notes may be freely traded among “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act ( <b>QIBs</b> ) 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>Registrar:</b>	Citigroup Global Markets Europe AG.
<b>Transfer Agents:</b>	Citibank, N.A., London Branch and Citibank Europe plc
<b>Maturities:</b>	<p>The Senior Notes, Non-Preferred Senior Notes and Subordinated Notes will have such maturities as may be agreed between the 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 Issuer or the relevant Specified Currency.</p> <p>The Senior Notes, Non-Preferred Senior Notes and Subordinated Notes may however be issued with an Initial Maturity Date which may be extended from time to time up to a Final Maturity Date at the option of the holders. Please see Condition 8.7 (<i>Extendible Notes</i>) of the Terms and Conditions for the English Law Notes and Condition 10.8 (<i>Extendible Notes</i>) of the Terms and Conditions for the Italian Law Notes.</p> <p>Subject as set out herein, the Additional Tier 1 Notes will mature on the date on which voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, <i>inter alia</i>, <i>Liquidazione Coatta Amministrativa</i>) proceedings are instituted in respect of the Issuer, in accordance with: (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set at 31 December 2100); or (c) any applicable legal provision or any decision of any judicial or administrative authority. Upon maturity, the Notes will become due and payable at an amount equal to their Prevailing Principal Amount, together with any accrued interest and any additional amounts due pursuant to Condition 11 (<i>Taxation</i>) of the Terms and Conditions for the Italian Law Notes.</p> <p>Unless otherwise permitted by current laws, regulations, directives and/or the Competent Authority's requirements applicable to the issue of Subordinated Notes and, in the case of Italian law Notes, Additional Tier 1 Notes, the Subordinated Notes and Additional Tier 1 Notes must have a minimum maturity of five years.</p>
<b>Issue Price:</b>	Notes may be issued on a fully-paid or in the case of Exempt Notes, a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes may be issued in bearer or, in the case of English Law Notes, registered form as described in “ <i>Form of the Notes</i> ”. Notes may not be issued or sold in the United States in bearer form, except in certain transactions permitted by U.S. tax regulations.
<b>Fixed Rate Notes:</b>	Fixed interest will be payable on such date or dates as may be agreed between the 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 Issuer and the relevant Dealer(s).



**Reset Notes:** Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate, as adjusted for any applicable margin, in each case, as may be specified in the relevant Final Terms.

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

- (c) 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
- (d) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the 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 Issuer and the relevant Dealer(s).

**Inflation Linked Interest Notes:** Payments of interest in respect of Inflation Linked Interest Notes will be calculated by reference to one or more inflation Indices as set out in Condition 6 (*Interest*) of the Terms and Conditions for the English Law Notes and Condition 6 (*Interest*) of the Terms and Conditions for the Italian Law Notes.

**Zero Coupon Notes:** Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Extendible Notes:** Notes may be issued with an Initial Maturity Date which may be extended from time to time upon the election of the holders on specified Election Date(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

**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 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 Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

The Notes may bear interest on a different interest basis in respect of different interest periods. The Issuer has the option of changing the interest basis between fixed rate and floating rate and vice versa in respect of different periods, upon prior notification of such change in interest basis to noteholders.

**Other provisions in relation to Italian Law Notes which are Additional Tier 1 Notes:**

*Cancellation of Interest Amounts*

The Issuer may at any time elect at its full discretion to cancel (in whole or in part) for an unlimited period and on a non-cumulative basis the Interest Amounts otherwise scheduled to be paid on an Interest Payment Date. Without prejudice to (i) such full discretion of the Issuer to cancel the Interest Amounts and (ii) the prohibition to make payments on the Additional Tier 1 Notes pursuant to any provisions of Italian law implementing Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the Relevant Regulations, before the Maximum Distributable Amount is calculated, payment of Interest Amounts on any Interest Payment Date must be cancelled (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts:

- (a) when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year and any potential write-ups exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items; and/or
- (b) when aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the Relevant Regulations (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s)) and the amount of any write-up (if applicable), would, if paid, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the UniCredit Group to be exceeded; and/or
- (c) are required to be cancelled (in whole or in part) by an order to the Issuer from the Competent Authority.

Interest shall also be cancelled if a Contingency Event occurs, as set out in Condition 8.1 (*Loss Absorption*) of the Terms and Conditions for the Italian Law Notes.

See Condition 7.1 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes.

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

- (a) an amount equal to the Issuer's profits at the end of the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of Own Funds instruments (which, for the avoidance of doubt, excludes any such distributions paid or made on Tier 2 instruments or any such distributions which have already been provided for, by way of deduction, in calculating the amount of Distributable Items); less
- (b) an amount equal to any losses brought forward, profits which are non-distributable pursuant to applicable Italian law or the by-laws of the Issuer from time to time and sums placed to non-distributable reserves in accordance with applicable Italian law or the by-laws of the Issuer from time to time,

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

**Maximum Distributable Amount** means any applicable maximum distributable amount relating to the Issuer and/or the UniCredit Group, as the case may be, required to be calculated in accordance with the CRD IV Directive and/or any other Relevant Regulation(s) (or any provision of Italian law transposing or implementing the CRD IV Directive and/or, if relevant, any other Relevant Regulation(s)).

*Calculation of Interest Amount in case of Write-Down*

Subject to Condition 7.1 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes, in the event that a Write-Down occurs during an Interest Period, any accrued and unpaid interest shall be cancelled pursuant to Condition 8.1 (*Loss Absorption*) of the Terms and Conditions for the Italian Law Notes and the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated in accordance with Condition 6.3(f) (*Determination of Rate of Interest and calculation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes, provided that the Day Count Fraction shall be determined as if the Interest Period started on, and included, the Write-Down Effective Date.

*Calculation of Interest Amount in case of Write-Up*

Subject to Condition 7.1 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes, in the event that a Write-Up occurs during an Interest Period, the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated as the sum (rounding the resulting figure to the nearest cent, with half a cent being rounded upwards) of the following:

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

*Non-cumulative interest*

Interest on the Additional Tier 1 Notes is not cumulative. Interest that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of such amounts shall be fully and irrevocably cancelled and forfeited, and no payments shall be made nor shall any Noteholders be entitled to any payment or indemnity in respect thereof.

*No restriction following cancellation of Interest Amounts*

In the event that the Issuer exercises its discretion not to pay interest or is prohibited from paying interest on any Interest Payment Date, it will not give rise to any contractual restriction on the Issuer making distributions or any other payments to the holders of any securities ranking *pari passu* with, or junior to, the Additional Tier 1 Notes (or, for the avoidance of doubt,

Tier 2 instruments).

*Loss Absorption and Reinstatement of Principal Amount*

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

- (a) immediately notify the Competent Authority of the occurrence of the relevant Contingency Event;
- (b) as soon as reasonably practicable deliver a Loss Absorption Event Notice to Noteholders (in accordance with Condition 17 (*Notices*) of the Terms and Conditions for the Italian Law Notes), the Principal Paying Agent and the Paying Agents (provided that failure or delay in delivering a Loss Absorption Event Notice shall not constitute a default for any purpose or in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down);
- (c) cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and
- (d) without delay, and in any event within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant Contingency Event has occurred, reduce the then Prevailing Principal Amount of each Note by the Write-Down Amount (such reduction being referred to as a Write-Down and Written Down being construed accordingly).

Whether a Contingency Event has occurred at any time shall be determined by the Issuer and the Competent Authority.

For the avoidance of doubt, even if the cancellation of interest pursuant to Condition 8.1(c) of the Terms and Conditions for the Italian Law Notes would cure the relevant Contingency Event, the relevant Write-Down shall occur in any event and any increase in the CET1 Ratio as a result of such cancellation shall be disregarded for the purpose of calculating the relevant Write-Down Amount in respect of such Contingency Event.

Any Write-Down of an Additional Tier 1 Note will be effected, save as may otherwise be required by the Competent Authority and subject as otherwise provided in these Conditions, *pro rata* with the Write-Down of the other Additional Tier 1 Notes and with the concurrent (or substantially concurrent) write-down (or write-off) or conversion into Ordinary Shares, as the case may be, of any Equal Loss Absorbing Instruments (based on the prevailing amount of the relevant Equal Loss Absorbing Instrument). To the extent possible, the write-down (or write-off) or conversion into Ordinary Shares of any Prior Loss Absorbing Instruments will be taken into account in the calculation of the Write Down Amount, and of the amount of write-down (or write-off) or conversion into Ordinary Shares of any Equal Loss Absorbing Instruments, required to cure the relevant Contingency Event.

A Write-Down may occur on more than one occasion and the Additional Tier 1 Notes may be Written Down on more than one occasion.

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Additional Tier 1 Notes, the Issuer shall procure that:

- (a) a similar notice is, or has been, given in respect of each Loss Absorbing Instrument (in accordance with, and to the extent required by, its terms); and
- (b) the prevailing principal amount of each Loss Absorbing Instrument outstanding (other than the Additional Tier 1 Notes) (if any) is written down (or written-off) or converted, as appropriate, in accordance with its terms prior to or, as appropriate, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.

**Equal Loss Absorbing Instrument** means:

- (a) in respect of an Issuer Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer (other than the Additional Tier 1 Notes) which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion into Ordinary Shares of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the Issuer; and
- (b) in respect of a Group Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Notes) issued directly or indirectly by the Issuer or any member of the UniCredit Group (a **Group Entity**) which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the UniCredit Group falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the UniCredit Group,

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

**Loss Absorbing Instrument** means an Equal Loss Absorbing Instrument and/or a Prior Loss Absorbing Instrument, as applicable;

**Prior Loss Absorbing Instrument** means;

- (a) in respect of an Issuer Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group

and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion into Ordinary Shares of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the Issuer; and

- (b) in respect of a Group Contingency Event, at any time: (i) any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer or any Group Entity which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the UniCredit Group falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the UniCredit Group; and (ii) any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by any Group Entity which contains provisions relating to a write-down (or write-off) or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of that Group Entity, or of a group within the prudential consolidation of such Group Entity pursuant to Chapter 2 of Title II of Part One of the CRD IV Regulation other than the UniCredit Group, falling below the level specified in such instrument at the date on which the relevant Group Contingency Event first occurred,

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

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

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

- (a) the amount that (together with (a) the concurrent Write-Down of the other Additional Tier 1 Notes and (b) the concurrent or substantially concurrent write-down (or write-off) or conversion to the extent possible of any Loss Absorbing Instruments) would be sufficient to

cure the Contingency Event; or

- (b) if that Write-Down (together with (a) the concurrent Write-Down of the other Additional Tier 1 Notes and (b) the concurrent or substantially concurrent write-down (or write-off) or conversion of any Loss Absorbing Instruments) would be insufficient to cure the Contingency Event, or the Contingency Event is not capable of being cured, the amount necessary to reduce the Prevailing Principal Amount to one cent.

In respect of any Write-Down, to the extent the write-down (or write-off) or conversion into Ordinary Shares of any Loss Absorbing Instrument is not, or within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant Contingency Event has occurred will not be, effective for any reason (i) the ineffectiveness of any such write-down (or write-off) or conversion into Ordinary Shares shall not prejudice the requirement to effect the Write-Down of the Additional Tier 1 Notes pursuant to Condition 8.1 (*Loss Absorption*) of the Terms and Conditions for the Italian Law Notes; and (ii) such write-down (or write-off) or conversion into Ordinary Shares shall not be taken into account in calculating the Write Down Amount in respect of such Write-Down. For the avoidance of doubt, the write-down (or write-off) or conversion into Ordinary Shares of any Loss Absorbing Instrument will only be taken into account in the calculation of the Write-Down Amount to the extent (and in the amount, if any) that such Loss Absorbing Instrument can actually be written-down (or written-off) or converted into Ordinary Shares in the relevant circumstances within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant Contingency Event has occurred.

If, in connection with a Write-Down or the calculation of a Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written-down (or written-off) or converted into Ordinary Shares in full and not in part only (**Full Loss Absorbing Instruments**) then:

- (A) the requirement that a Write-Down of the Additional Tier 1 Notes shall be effected *pro rata* with the write-down (or write-off) or conversion into Ordinary Shares, as the case may be, of any such Loss Absorbing Instruments shall not be construed as requiring the Additional Tier 1 Notes to be Written-Down in full (or in full save for the one cent floor) simply by virtue of the fact that such Full Loss Absorbing Instruments will be written-down (or written-off) or converted in full; and
- (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down (or write-off) of principal or conversion into Ordinary Shares, as the case may be, among the Additional Tier 1 Notes and such other Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down (or write-off) or conversion into Ordinary Shares, such that the write-down (or write-off) or conversion into Ordinary Shares of such Full Loss Absorbing Instruments shall be deemed to occur in

two concurrent stages: (a) first, the principal amount of such Full Loss Absorbing Instruments shall be written-down (or written-off) or converted into Ordinary Shares *pro rata* with the Additional Tier 1 Notes and all other Loss Absorbing Instruments (in each case subject to and as provided in the preceding paragraph) to the extent necessary to cure the relevant Contingency Event; and (b) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (a) shall be written-down (or written-off) or converted into Ordinary Shares, as the case may be, with the effect of increasing the Issuer's and/or the UniCredit Group's, as the case may be, CET1 Ratio above the minimum required level under (a) above.

See Condition 8.1 (*Loss Absorption*) of the Terms and Conditions for the Italian Law Notes.

*Reinstatement of principal amount*

If both a positive Net Income and a positive Consolidated Net Income are recorded at any time while the Prevailing Principal Amount of the Additional Tier 1 Notes is less than their Initial Principal Amount, the Issuer may, at its full discretion and subject to the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the Relevant Regulations (or, if different, any provision of Italian law implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s))) not being exceeded thereby, increase the Prevailing Principal Amount of each Note (a **Write-Up**) up to a maximum of the Initial Principal Amount, on a *pro rata* basis with the other Additional Tier 1 Notes and with any Written-Down Additional Tier 1 Instruments that have terms permitting a principal write-up to occur on a basis similar to that set out in Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes in the circumstances existing on the date of the relevant Write-Up (based on their Initial Principal Amounts), provided that the sum of:

- (a) the aggregate amount of the relevant Write-Up on all the Additional Tier 1 Notes (aggregated with the aggregate amounts of any other Write-Ups out of the same Relevant Net Income);
- (b) the aggregate amount of any interest payments on the Additional Tier 1 Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the end of the previous financial year,
- (c) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up; and
- (d) the aggregate amount of any interest payments on each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,



does not exceed the Maximum Write-Up Amount.

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

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

**Relevant Net Income** means the lowest of the Net Income and the Consolidated Net Income.

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

The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a similar basis to that set out in Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes unless it does so on a *pro rata* basis with a Write-Up on the Additional Tier 1 Notes.

A Write-Up may be made on one or more occasions in accordance with Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes until the Prevailing Principal Amount of the Additional Tier 1 Notes has been reinstated to the Initial Principal Amount. No Write-Up shall be operated (i) whilst a Contingency Event has occurred and is continuing, or (ii) where any such Write-Up (together with the write-up of all other Written-Down Additional Tier 1 Instruments) would cause a Contingency Event to occur.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes.

If the Issuer decides to Write-Up the Additional Tier 1 Notes pursuant to

Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes, it shall deliver a notice (a **Write-Up Notice**) specifying the amount of any Write-Up (as a percentage of the Initial Principal Amount of a Note resulting in a *pro rata* increase in the Prevailing Principal Amount of each Note) and the date on which such Write-Up shall take effect shall be given to Noteholders in accordance with Condition 17 (*Notices*) of the Terms and Conditions for the Italian Law Notes and to the Principal Paying Agent. Such Write-Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write-Up becomes effective.

See Condition 8.3 (*Reinstatement of principal amount*) of the Terms and Conditions for the Italian Law Notes.

**Exempt Notes:**

The Issuer may issue Exempt Notes which are Index Linked Notes, Dual Currency Notes, Partly Paid Notes and Notes redeemable in one or more instalments. References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

**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 Issuer and the relevant Dealer(s) may agree.

**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 Issuer and the relevant Dealer(s) may agree.

**Partly Paid Notes:** the Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer(s) may agree.

**Notes redeemable in instalments:** the Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer(s) may agree.

The Issuer may agree with any Dealer and, in the case of English Law Notes, the Trustee, that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions, in which event the relevant provisions will be included in the applicable Pricing Supplement.

**Redemption:**

The applicable Final Terms of the Senior Notes, Non-Preferred Senior Notes and Subordinated Notes (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in the case of Exempt Notes in specified instalments, if applicable, or for taxation reasons or, in the case of Subordinated Notes, for regulatory reasons subject to, *inter alia*, the prior approval of the relevant Competent Authority, as applicable or following an Event of Default or, in the case of Senior Notes or Non-Preferred Senior Notes, at the option of the Issuer (and subject to compliance with any conditions to such redemption prescribed by the Relevant Regulations at the relevant time) if the Issuer determines that a MREL or TLAC Disqualification Event has occurred and is continuing) or that such Notes will be redeemable at the option of the Issuer. The terms of

any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will, as appropriate, be indicated in the applicable Final Terms.

In the case of Subordinated Notes, early redemption may occur only at the option of UniCredit and with the prior approval of the relevant Competent Authority and otherwise in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations, and is subject to the provisions of Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes.

The applicable Pricing Supplement, in the case of Exempt Notes, 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.

If the applicable Final Terms specify that the Issuer Call due to MREL or TLAC Disqualification Event applies, then any Series of Senior Notes or Non-Preferred Senior Notes may on or after the date specified in a notice published on the Issuer's website be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the Applicable Final Terms to the Principal Paying Agent and, in the case of English Law Notes, the Trustee and, in accordance with Condition 16 (*Notices*) of the Terms and Conditions for the English Law Notes and Condition 17 (*Notices*) of the Terms and Conditions for the Italian Law Notes, the Noteholders (which notice shall be irrevocable), if the Issuer determines that a MREL or TLAC Disqualification Event has occurred and is continuing.

Early redemption of Senior Notes or Non-Preferred Senior Notes is subject to the provisions of Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes.

Under Part II of the Prospectus Act 2005, which implements the Prospectus Directive in Luxembourg, prospectuses for the admission to trading of 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.

The applicable Final Terms of the Additional Tier 1 Notes (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate if such Notes will be redeemable at the option of the Issuer and if the applicable Final Terms specify that the Issuer Call applies, the Issuer may, at its sole discretion (but subject to the provisions of Condition 10.15 (*Conditions to Early Redemption and Purchase of Subordinated Notes and Additional Tier 1 Notes*) of the Terms and Conditions for the Italian Law Notes), redeem the Notes in whole or in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount plus any accrued but unpaid interest (to the extent not cancelled in accordance with Condition 7.1 (*Cancellation of Interest Amounts*) of the Terms and Conditions for the Italian Law Notes) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 11 (*Taxation*) of the Terms and Conditions for the Italian Law Notes. In addition, the Issuer may, at its sole discretion (but subject to the provisions of Condition 10.15 (*Conditions to*

	<p><i>Early Redemption and Purchase of Subordinated Notes and Additional Tier 1 Notes</i>) of the Terms and Conditions for the Italian Law Notes), redeem the Notes in whole, but not in part, following the occurrence of a Capital Event (if the applicable Final Terms specify that the Regulatory Call applies) or in whole or in part (to the extent permitted by the Relevant Regulations) following the occurrence of a Tax Event (each as defined herein), in each case, at their Prevailing Principal Amount, plus, in each case, any accrued but unpaid interest (to the extent not cancelled in accordance with Condition 7.1 (<i>Cancellation of Interest Amounts</i>) of the Terms and Conditions for the Italian Law Notes) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 11 (<i>Taxation</i>) of the Terms and Conditions for the Italian Law Notes, as described in Condition 10.3 (<i>Redemption for tax reasons</i>) or Condition 10.4 (<i>Redemption for regulatory reasons (Regulatory Call)</i>) of the Terms and Conditions for the Italian Law Notes.</p>
<b>Redemption for Indexation Reasons:</b>	<p>Inflation Linked Interest Notes may be redeemed before their stated maturity at the option of the Issuer, if the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders.</p>
<b>Denomination of Notes:</b>	<p>The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) save that (i) 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, (ii) the minimum denomination of each Note which is not a Non-Preferred Senior Note or an Additional Tier 1 Note may be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency), (iii) the minimum denomination of each Non-Preferred Senior Note will be Euro 250,000 (or, if the Senior Non-Preferred Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) and (iv) the minimum denomination of each Additional Tier 1 Note will be Euro 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body).</p>
<b>Governing Law:</b>	<p>The English Law Notes (except for Condition 4 (<i>Status of the Non-Preferred Senior Notes</i>), Condition 5 (<i>Status of the Subordinated Notes</i>) and Condition 22 (<i>Contractual Recognition of Statutory Bail-In Powers</i>)), 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. Each of Condition 4 (<i>Status of the Non-Preferred Senior Notes</i>), Condition 5 (<i>Status of the Subordinated Notes</i>) and Condition 22 (<i>Contractual Recognition of Statutory Bail-In Powers</i>) of the Terms and Conditions for the English law Notes and any non-contractual obligations arising out of or in connection with each of them shall be governed by, and construed in accordance with, Italian law.</p> <p>The Italian Law Notes, 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, Italian law.</p>
<b>Substitution and Variation:</b>	<p><i>In relation to Senior Notes and Non-Preferred Senior Notes which are English law Notes</i></p>

If (i) at any time a MREL or TLAC Disqualification Event occurs and is continuing in relation to any Series of Senior Notes or Non-Preferred Senior Notes which are English Law Notes, or (ii) in order to ensure the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the English Law Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Holders of the Senior Notes or Non-Preferred Senior Notes of that Series), at any time either substitute all (but not some only) of such Senior Notes or Non-Preferred Senior Notes, or vary the terms of such Senior Notes or Non-Preferred Senior Notes so that they remain or, as appropriate, become, Qualifying Senior Notes or Qualifying Non-Preferred Senior Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Senior Notes or Qualifying Non-Preferred Senior Notes, as applicable, are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the English Law Notes, have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Senior Notes or Non-Preferred Senior Notes, as applicable.

*In relation to Subordinated Notes which are English Law Notes*

If (i) at any time a Regulatory Event occurs or (ii) in order to ensure the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the English Law Notes, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Holders of the Senior Notes or Non-Preferred Senior Notes of that Series), at any time either substitute all (but not some only) of a Series of Subordinated Notes which are English Law Notes, or vary the terms of such Subordinated Notes so that they remain or, as appropriate, become, Qualifying Subordinated Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

Qualifying Subordinated Notes are securities issued by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 22 (*Contractual Recognition of Statutory Bail-In Powers*) of the Terms and Conditions for the English Law Notes have terms not materially less favourable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Subordinated Notes.

**Certain Conditions of the Notes:**

See element C.8 of “*Summary of the Programme*” for a description of certain terms and conditions applicable to all Notes issued under the Programme.

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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 Base Prospectus shall be incorporated in, and form part of, this Base Prospectus:

- the Terms and Conditions for the English Law Notes contained in the Base Prospectus dated 7 June 2018, pages 195 to 246 (inclusive), prepared by the Issuer in connection with the Programme;
- the Terms and Conditions for the Italian Law Notes contained in the Base Prospectus dated 7 June 2018, pages 247 to 288 (inclusive), prepared by the Issuer in connection with the Programme;
- the Terms and Conditions for the English Law Notes contained in the Supplement dated 23 November 2018 to the Base Prospectus dated 7 June 2018, pages 112 to 162 (inclusive), as further supplemented by the Supplement dated 11 February 2019 to the Base Prospectus dated 7 June 2018, page 5, prepared by the Issuer in connection with the Programme;
- the audited annual financial statements as at and for the financial year ended 31 December 2018 of UniCredit (the **2018 UniCredit Annual Report and Accounts**);
- the audited consolidated annual financial statements as at and for the financial year ended 31 December 2017 of UniCredit (the **2017 UniCredit Audited Consolidated Annual Financial Statements**);
- the unaudited consolidated interim report as at and for the three months ended 31 March 2019 – Press Release dated 9 May 2019 of UniCredit (the **UniCredit Unaudited Consolidated Interim Report as at 31 March 2019 – Press Release**);
- the unaudited consolidated interim report as at and for the three months ended 31 March 2018 – Press Release dated 10 May 2018 of UniCredit (the **UniCredit Unaudited Consolidated Interim Report as at 31 March 2018 – Press Release**);
- the unaudited consolidated interim financial statements as at and for the six months ended 30 June 2018 of UniCredit (the **UniCredit Consolidated First Half Financial Report as at 30 June 2018**); and
- the Memorandum and Articles of Association of UniCredit,

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

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

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

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

The following information from UniCredit's annual and interim reports is incorporated by reference, and the following cross-reference lists are provided to enable investors to identify specific items of information so incorporated. The information incorporated by reference that is not included in the cross-reference list below is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004, as amended.

Where only certain parts of a document are incorporated by reference in this Base Prospectus, the non-incorporated parts are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

<b>Document</b>	<b>Information incorporated</b>	<b>Page numbers</b>
2018 UniCredit Annual Report and Accounts	Consolidated Report and Accounts of UniCredit Group:	
	Consolidated Report on Operations	29-67
	Consolidated Balance Sheet	89-90
	Consolidated Income Statement	91-92
	Consolidated Statement of Other Comprehensive Income	93
	Statement of Changes in the Consolidated Shareholders' Equity	94-97
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	Report of External Auditors	491-501
2017 UniCredit Audited Consolidated Annual Financial Statements	Consolidated Report on Operations	21-59
	Consolidated Balance Sheet	82-83
	Consolidated Income Statement	84
	Consolidated Statement of Comprehensive Income	85
	Statement of Changes in the Consolidated Shareholders' Equity	86-89
	Consolidated Cash Flows Statement	90-91
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Document	Information incorporated	Page numbers
UniCredit Consolidated First Half Financial Report as at 30 June 2018	Annexes	473-534
	Certification	537-539
	Report of External Auditors	541-550
	Consolidated Balance Sheet	50-51
	Consolidated Income Statement	52-53
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	Explanatory Notes	61-259
	Report of External Auditors	289
UniCredit Unaudited Consolidated Interim Report as at 31 March 2019 – Press Release	Other Information – Subsequent Events	44
	UniCredit Group: Reclassified Income Statement	20
	UniCredit Group: Reclassified Balance Sheet	21
	UniCredit Group: Shareholders' Equity	22
	UniCredit Group: Staff and Branches	22
	UniCredit Group: Ratings	22
	UniCredit Group: Sovereign Debt Securities – Breakdown by Country/Portfolio	23-24
	UniCredit Group: Weighted Duration	24
	UniCredit Group: Breakdown of Sovereign Debt Securities by Portfolio	25
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UniCredit Unaudited Consolidated Interim Report as at 31 March 2018 – Press Release	Basis for Preparation	26
	Declaration by the manager charged with preparing the financial reports	27
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Document	Information incorporated	Page numbers
	UniCredit Group: Reclassified Balance Sheet	20
	Other UniCredit Tables (Shareholders' Equity, Ratings, Sovereign Debt Securities – Breakdown by Country / Portfolio, Sovereign Loans – Breakdown by Country)	21-23
	Basis for Preparation	24
	Declaration	25

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## Form of the Notes

Any reference in this section to “applicable Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” where relevant.

The Notes of each Series will either be in bearer form, with or without Coupons attached, or, in the case of English Law Notes, 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 another exemption under the Securities Act.

### BEARER NOTES

Each Tranche of Bearer Notes will initially be 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, each a **Bearer Global Note**) 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 (the **Common Safekeeper**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**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 (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by 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 the Temporary Bearer Global 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), 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 the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 11 (*Events of Default*) of the Terms and Conditions for the English Law Notes and Condition 13 (*Events of Default*) of the Terms and Conditions for the Italian Law Notes) has occurred and is continuing, (ii) the 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, which is satisfactory to the Trustee in the case of English Law Notes, is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) of the Terms and Conditions for the English Law Notes and with Condition 17 (*Notices*) of the Terms and Conditions for the Italian Law Notes 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 and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be:

“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 in respect of any gain on any sale, disposition, redemption or payment of principal in respect of 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 (APPLICABLE TO ENGLISH LAW NOTES ONLY)

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 1 (Series Number) of the Terms and Conditions for the English Law Notes 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**) and who execute and deliver an IAI Investment Letter (as defined in the “*Terms and Conditions for the English Law Notes*”) in which they 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**). No sale of Legended Notes (as defined under “U.S. Information” above) in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount.

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 depositary for, and registered in the name of the nominee for the Common Depositary 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 7.6 (*Payments in respect of Registered Notes*) of the Terms and Conditions for the English Law Notes) as the registered holder of the Registered Global Notes. None of the Issuer, 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 7.6 (*Payments in respect of Registered Notes*) of the Terms and Conditions for the English Law Notes) 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 (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary 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 (iii) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg, the 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 or (iv) the Issuer will has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) of the Terms and Conditions for the English Law Notes 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 and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also 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 for the English Law Notes (as defined under “*Terms and Conditions for the English Law Notes*”) and pursuant to the Agency Agreement for the Italian Law Notes (as defined under “*Terms and Conditions for the Italian Law 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 at a point after the Issue Date of the further Tranche, 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 such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) 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 Issuer and its 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 Issuer and its 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 for the English Law Notes 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.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, in the case of English Law Notes, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## Applicable Final Terms

### NOTES WITH A DENOMINATION OF LESS THAN €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY), OTHER THAN EXEMPT NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of less than €100,000 (or its equivalent in any other currency) issued under the Programme.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>13</sup>

**[[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the [Notes] (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**OR**

**[MiFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; EITHER [and (ii) all channels for distribution of the [Notes] are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the [Notes] to retail clients are appropriate – investment advice[, / and] portfolio management[, / and] [non-advised sales ][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the [Notes] (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) - *[To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on***

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<sup>13</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

*the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]<sup>14</sup>*

[Date]

## FINAL TERMS

UniCredit S.p.A.

*[Please include the place of incorporation, registered office, registration number and form of the Issuer]*

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the

€60,000,000,000 Euro Medium Term Note Programme

### Part A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] set forth in the Base Prospectus dated 5 June 2019 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). 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 Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

A summary of the individual issue is annexed to these Final Terms. The Base Prospectus is available for viewing during normal business hours at UniCredit S.p.A., Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy and has been published 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 Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] (the **Conditions**) set forth in [the Base Prospectus dated 7 June 2018 / the supplement dated 23 November 2018 to the Base Prospectus dated 7 June 2018, as further supplemented by the supplement dated 11 February 2019 to the Base Prospectus dated 7 June 2018] which are incorporated by reference in the Base Prospectus dated 5 June 2019. 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 the Base Prospectus dated [current date] [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the individual issue is annexed to these Final Terms. The Base Prospectus is available for viewing during normal business hours at UniCredit S.p.A., Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy and has been published 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 (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). 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 Base Prospectus under Article 16 of the Prospectus Directive.]*

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<sup>14</sup> Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

*[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. Series Number: [ ]  
  
(a) Tranche Number: [ ]  
  
[(b) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[Provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/ the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 27 below, which is expected to occur on or about *[date]*][Not Applicable]]  
  
*(delete this paragraph if Not Applicable)*
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount:  
  
(a) Series: [ ]  
  
(b) Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. Specified Denominations: [ ]  
  
*(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made. Note that only English Law Notes can be issued in registered form)*  
  
(a) 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)*
6. Issue Date: [ ]  
  
(a) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*  
  
*(An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*



7. Maturity Date: *[Specify date or for Floating rate notes - Interest Payment Date falling in or nearest to [specify month and year]<sup>15</sup>]*
- [The Maturity Date may need to be not less than one year after the Issue Date)]*
8. Interest Basis: *[[ ] per cent. Fixed Rate]*
- [[ ] per cent. Fixed Rate from [ ] to [ ], then [ ] per cent. Fixed Rate from [ ] to [ ]]*
- [[ ] month [LIBOR/EURIBOR/CAD-BACDOR/CMS Reference Rate] +/- [ ] per cent. Floating Rate]*
- [Floating Rate: CMS Rate Linked Interest]*
- [Inflation Linked Interest]*
- [Zero Coupon]*
- (further particulars specified below)*
9. Redemption/Payment Basis: 100 per cent.
10. Change of Interest Basis: *[Specify the date when any fixed to floating rate or vice versa change occurs or cross refer to paragraphs 14, 15 and 16 below and identify there] [Not Applicable]*
11. Call Options: *[Not Applicable]*
- [Issuer Call]*
- [Regulatory Call]*
- [Issuer Call due to MREL or TLAC Disqualification Event]*
- [(see paragraph[s] [19][, 20] [and][21]below]*
12. Status of the Notes: *[Senior/Subordinated]*
- (a) *[Date of [Board] approval for [ ] issuance of Notes:*
- (Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

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

13. Fixed Rate Note Provisions: *[Applicable/Not Applicable]*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*

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<sup>15</sup> Note that for Renminbi denominated Fixed Rate Notes, where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

(a)	Rate(s) of Interest:	[[ ] per cent. per annum payable in arrear on each Interest Payment Date] <i>[specify other in case of different Rates of Interest in respect of different Interest Periods]</i> .
(b)	Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date]
		<i>(Amend appropriately in the case of irregular coupons)</i>
(c)	Business Day Convention:	[Modified Following Business Day Convention/Not Applicable]
		<i>(For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention)</i>
(d)	Fixed Coupon Amount(s):	[[ ] per Calculation Amount <i>(applicable to the Notes in definitive form)</i> ]/[[ ] per Aggregate Nominal Amount of the Notes <i>(applicable to the Notes in global form)</i> ] [payable [[ ] in arrear] on [ ]/[each Interest Payment Date][, except for the amount of interest payable on the first Interest Payment Date falling on [ ]].] [[This]/[These] Fixed Coupon Amount[s] appl[ies]/[y] if the Notes are represented by a global Note or are in definitive form.]
		<i>(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Periods)</i>
(e)	Broken Amount(s):	[[ ] per Calculation Amount <i>(applicable to the Notes in definitive form)</i> ]/[[ ] per Aggregate Nominal Amount of the Notes <i>(applicable to the Notes in global form)</i> ][, payable on the Interest Payment Date falling [in/on] [ ]].][This Broken Amount applies if the Notes are represented by a global Note or are in definitive form]/[Not Applicable]
(f)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] <sup>16</sup> [Actual/Actual Canadian Compound Method] <sup>17</sup>
(g)	Determination Date[s]:	[[ ] in each year][Not Applicable]
		<i>(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)</i>
14.	Floating Rate Note Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining</i>

<sup>16</sup> Applicable for Fixed Rate Notes denominated in Renminbi.

<sup>17</sup> Applicable for Fixed Rate Notes denominated in Canadian Dollars.

*subparagraphs of this paragraph)*

- (a) Specified Period(s)/Specified Interest Payment Dates: [ ], subject to adjustment in accordance with the Business Day Convention set out in subparagraph (b) below/, not subject to any adjustment, as the Business Day Convention subparagraph in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (Calculation Agent or Principal Paying Agent as applicable): [*name*] shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)
- (f) Screen Rate Determination:
- Reference Rate(s): [[ ] month [LIBOR/EURIBOR/CAD-BA-CDOR/CMS Reference Rate]]/[CMS Rate]]
- Relevant Financial Centre: [London/Brussels/*specify other Relevant Financial Centre*] (*only relevant for CMS Rate*)
- (If CMS Rate is not applicable, delete the remaining subparagraphs of this paragraph)*
- Reference Currency: [ ] (*only relevant for CMS Rate*)
- Designated Maturity: [ ] (*only relevant for CMS Rate*)
- Specified Time: [ ] in the Relevant Financial Centre (*only relevant for CMS Rate*)
- (i) Interest Determination Date(s): [ ]
- (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 or CAD-BA-CDOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR, euro LIBOR or CMS Rate where the reference currency is euro)*
- (In the case of a CMS Rate where the Reference Currency is euro): [Second day on which the TARGET2 system is open prior to the start of each interest Period]*

			(In the case of a CMS Rate where the Reference Currency is other than euro): [Second (specify type of day) prior to the start of each Interest Period]
	(ii)	Relevant Screen Page:	[ISDAFIX2 or any successor screen page] [insert other screen page]
			(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)
			(In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)
		CMS Rate definitions:	[Not Applicable][Cap means [ ] per cent. per annum]
			[Floor means [ ] per cent. per annum]
			[Leverage means [ ] per cent.]
(g)		ISDA Determination:	
	(i)	Floating Rate Option:	[ ]
	(ii)	Designated Maturity:	[ ]
	(iii)	Reset Date:	[ ]
			(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of a CMS Linked Interest Note, if based on euro then the first day of each Interest Period and if otherwise to be checked.)
(h)		Linear Interpolation:	[Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(i)		Difference in Rates:	[Applicable]/[Not Applicable]
		CMS Rate 1:	[ ]
		Manner in which CMS Rate 1 is to be determined:	[Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
		CMS Rate 2:	[ ]
		Manner in which CMS Rate 2 is to be determined:	[Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
(j)		Margin(s):	[Not Applicable]/[ +/- ] [ ] per cent. per annum

- (k) Minimum Rate of Interest: [ ] per cent. per annum
- (l) Maximum Rate of Interest: [ ] per cent. per annum
- (m) Day Count Fraction: [[Actual/Actual (ISDA)]] [Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond basis]  
30E/360 (ISDA)]<sup>18</sup>
- (n) Reference Rate Replacement: [Applicable] [Not Applicable]
15. Inflation Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Inflation Index: [Inflation for Blue Collar Workers and Employees - Excluding Tobacco Consumer Price Index Unrevised (CPI)/ Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP)]
- (Give or annex details of index/indices)*
- [Amounts payable under the Notes will be calculated by reference to [CPI/HICP] which is provided by [●]. [As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Regulation (EU) 2016/1011 (the **Benchmarks Regulation**).] [As far as the Issuer is aware, [CPI/HICP] [does/do] not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that Regulation.]]
- (b) Inflation Index Sponsor: [ ]
- (c) Index Factor: [ ] [*Specify the relevant Index Factor*] [Not Applicable]
- (d) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [*name*] shall be the Calculation Agent
- (e) Determination Date(s): [ ]
- (f) Interest or calculation period(s): [ ]
- (g) Specified Period(s)/Specified Interest Payment Dates: [ ]

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<sup>18</sup> Actual/365(Fixed) is applicable to Renminbi and Canadian Dollars denominated Notes.

- (h) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (Note that this item adjusts the end date of each Interest Period (and, consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 7.8 (Payment Day) of the Terms and Conditions for the English Law Notes and Condition 9.7 (Payment Day) of the Terms and Conditions for the Italian Law Notes.)*
- (i) Additional Business Centre(s): [ ]
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Margin: [[insert Margin] per cent. per annum] [Not Applicable]
- (m) Day Count Fraction: [ ]
- (n) Commencement Date of the Inflation Index: [ ]/[Specify the relevant commencement month of the retail price index]
- (o) Reference Month: [ ]
- (p) Reference Bond: [ ]
- (q) Related Bond: [Applicable]/[Not Applicable]
- The Related Bond is: [ ] [Fallback Bond]
- The issuer of the Related Bond is: [ ]
- (r) Fallback Bond: [Applicable]/[Not Applicable]
- (s) Cut-Off Date: [As per Conditions]/[specify other]
- (t) End Date: [ ]
- (This is necessary whenever Fallback Bond is applicable)*
- (u) Additional Disruption Events: [Change of Law]
- [Increased Cost of Hedging]
- [Hedging Disruption]

- [None]
- (v) Trade Date: [ ]
16. Change of Interest Basis Provisions: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (To be completed in addition to paragraphs 13 and 14 above (as appropriate) if any fixed to floating or fixed reset rate change occurs)*
- (i) Switch Option: [Applicable – [specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies]/[Not Applicable]
- (The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 16 (Notices) of the Terms and Conditions for the English Law Notes and with Condition 17 (Notices) of the Terms and Conditions for the Italian Law Notes on or prior to the relevant Switch Option Expiry Date)*
- (ii) Switch Option Expiry Date: [ ]
- (iii) Switch Option Effective Date: [ ]
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) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
- [Actual/360]
- [Actual/365]

## PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition 8.2 of the Terms and Conditions for the English Law Notes and for Condition 10.3 of the Terms and Conditions for the Italian Law Notes and Condition 8.5 of the Terms and Conditions for the English Law Notes and Condition 10.6 of the Terms and Conditions for the Italian Law Notes:
- Minimum period: [ ] days
- Maximum period: [ ] days

19. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount (in the case of Subordinated Notes only, subject to the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations): [[ ] per Calculation Amount][[Make-whole Amount]]
- (c) Reference Bond: [Insert applicable Reference Bond/FA Selected Bond]
- (d) Quotation Time: [11.00 a.m. [London/specify other] time]
- (e) Redemption Margin: [[ ] per cent./Not Applicable]
- (f) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (g) Notice period: Minimum period: [ ] days
- Maximum period: [ ] days
- (When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or, in the case of English Law Notes, the Trustee.)*
20. Regulatory Call: [Applicable/Not Applicable]
- (Only relevant in the case of Subordinated Notes)*



21. Issuer Call due to MREL or TLAC Disqualification Event: [Applicable]/[Not Applicable]
- (Please consider that not less than the minimum period nor more than maximum period (each as specified in paragraph 18 above) of notice has to be sent to the Principal Paying Agent and, in the case of English Law Notes, the Trustee and, in accordance with Condition 16 (Notices) of the Terms and Conditions for the English Law Notes and with Condition 17 (Notices) of the Terms and Conditions for the Italian Law Notes, the Noteholders)*
- (Only relevant in the case of Senior Notes)*
22. Final Redemption Amount: [ ]/[100 per cent.] per Calculation Amount]
23. Early Redemption Amount payable on redemption: [ ] [per Calculation Amount/As per Condition] [[8.6] (Early Redemption Amounts) of the Terms and Conditions for the English Law Notes/[10.7] (Early Redemption Amounts) of the Terms and Conditions for the Italian Law Notes]
- (i) for taxation reasons (subject to *[insert in the case of Senior Notes]*[Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes] in *[insert in the case of Subordinated Notes]*[Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations)]) as contemplated by Condition 8.2 of the Terms and Conditions for the English Law Notes and Condition 10.3 of the Terms and Conditions for the Italian Law Notes;
- [See also paragraph 20 above)] (Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable)*
- [See also paragraph 21 (Issuer Call due to MREL or TLAC Disqualification Event) above] (Delete this cross-reference unless the Notes are Senior Notes and the Issuer Call due to MREL or TLAC Disqualification Event is applicable)*
- (ii) *[insert in case of Subordinated Notes]*[for regulatory reasons (subject to Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations))] as contemplated by Condition 8.3 of

the Terms and Conditions for the English Law Notes and Condition 10.4 of the Terms and Conditions for the Italian Law Notes;]

- (iii) [insert in case of Senior Notes][for MREL or TLAC Disqualification Event (subject to Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes) as contemplated by Condition 8.5 of the Terms and Conditions for the English Law Notes and Condition 10.6 of the Terms and Conditions for the Italian Law Notes; or]
- (iv) on event of default (subject to[insert in the case of Senior Notes][Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes] [insert in the case of Subordinated Notes][ Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations)]),

and/or the method of calculating the same (if required or if different from that set out in Condition 8.6 of the Terms and Conditions for the English Law Notes and Condition 10.7 of the Terms and Conditions for the Italian Law Notes (*Redemption and Purchase – Early Redemption Amounts*):

24.	Extendible Notes:	[Applicable/Not Applicable]
(a)	Initial Maturity Date:	[ ]
(b)	Final Maturity Date:	[ ]
(c)	Election Date(s):	[ ]
(d)	Notice period:	Not less than [ ] nor more than [ ] days prior to the applicable Election Date]*

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\* For any maturity extension at the option of the holder a minimum of 10 business days notice is required.

25. RMB Currency Event: [Applicable] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Spot Rate: (i) Relevant Spot Rate Screen Page: [Reuters CNHFIX01]/[ ]/[Not Applicable]
- (ii) Relevant Valuation Time: [ ]/[Not Applicable]
- (b) Party responsible for calculating the Spot Rate: [Calculation Agent]/[Not Applicable]
26. Relevant Currency: [*specify*] [Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes
- (a) Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Notes upon an Exchange Event]
- [Permanent Bearer Global Note exchangeable for definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.<sup>19</sup>]
- [Registered Notes:
- Regulation S Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*)]
- (Note that only English Law Notes can be issued in registered form)*
- (b) New Global Note: [Yes] [No]
28. Additional Financial Centre(s): [Not Applicable/*give details*]

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<sup>19</sup> Include for Notes that are to be offered in Belgium.

*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which subparagraph 15(c) above relates)*

29. RMB Settlement Centre(s): [Not Applicable/give details]
30. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**[THIRD PARTY INFORMATION]**

[Relevant third-party information,] has been extracted from [specify source]. The Issuer confirms 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 UniCredit S.p.A.:

By:

*Duly authorised*

By:

*Duly authorised*

## Part B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING:** [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, with effect from [ ].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from [ ].] [Not Applicable.]

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

- (a) Estimate of total expenses related to admission to trading: [ ]

## 2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].*

[Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(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.)*

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

[Save for the fees [of [insert relevant fee disclosure]] payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Dealers/Managers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the

Base Prospectus under Article 16 of the Prospectus Directive.))

#### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (a) [Reasons for the offer: [ ]]
- (b) Estimated net proceeds: [ ]
- (c) Estimated total expenses: [ ]]

#### 5. YIELD (Fixed Rate Notes only)

Indication of yield: [ ] [Not Applicable]

#### 6. HISTORIC INTEREST RATES (Floating Rate Notes Only)

[Details of historic [LIBOR/EURIBOR/CAD-BA-CDOR/CMS Reference Rate] rates can be obtained from [Reuters].] [Not Applicable]

#### 7. OPERATIONAL INFORMATION

- (a) ISIN: [ ]
- (b) Common Code: [ ]
- (c) CUSIP: [ ] [Not Applicable]
- (d) CINS: [ ] [Not Applicable]
- (e) CFI: [[include code]<sup>20</sup>, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (f) FISN: [[include code]<sup>20</sup>, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (g) [[specify other codes] [ ]]
- (h) Any clearing system(s) other than Euroclear Bank and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (i) Delivery: Delivery [against/free of] payment
- (j) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (k) Intended to be held in a manner [Yes. Note that the designation "yes" simply means

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<sup>20</sup> The actual code should only be included where the Issuer is comfortable that it is correct.

which would allow Eurosystem eligibility:

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

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 8. DISTRIBUTION

- |        |   |   |
|--------|---|---|
| (i)    | Method of distribution:   | [Syndicated/Non-syndicated]   |
| (ii)   | If syndicated, names and addresses of Managers (specifying Lead Manager) and underwriting commitments:                      | [Not Applicable/give names, addresses and underwriting commitments]<br><br><i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses 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.)</i> |
| (iii)  | Date of [Subscription Agreement/other agreement]:   | [ ] [Not Applicable]  |
| (iv)   | Stabilisation Manager(s) (if any):  | [Not Applicable/give name]  |
| (v)    | If non-syndicated, name and address of relevant Dealer:   | [Not Applicable/give name and address]  |
| (vi)   | Total commission and concession:  | [ ] per cent. of the Aggregate Nominal Amount   |
| (vii)  | U.S. Selling Restrictions:  | [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]   |
| (viii) | [Non-exempt Offer [where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus]: | [Applicable] [Not Applicable]   |

		<i>(if not applicable, delete the remaining placeholders of this paragraph (viii) and also paragraph 9 below)</i>
	[Public/Non-exempt] Offer Jurisdictions:	<i>[Specify relevant Member State(s) where the issuer intends to make Public/Non-exempt Offers (where the Base Prospectus lists the Public/Non-exempt Offer Jurisdictions, select from that list), which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published]</i>
	Offer Period:	<i>[Specify date(s)] until [specify date(s) or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”]</i>
	Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it:	<i>[Insert names and addresses of financial intermediaries receiving consent (specific consent)/Not Applicable]</i>
	General Consent:	<i>[Not Applicable][Applicable]</i>
	Other Authorised Offeror Terms conditions to consent:	<i>[Not Applicable][Add here any other Authorised Offeror Terms]</i>
		<i>(Authorised Offeror Terms should only be included here where General Consent is applicable)</i>
		<i>(Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer [where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus] 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.)</i>
(ix)	Prohibition of Sales to EEA Retail Investors:	<i>[Applicable/Not Applicable]</i>
		<i>(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)</i>
(x)	[EU Benchmark Regulation:	<i>[Applicable: Amounts payable under the Notes are calculated by reference to [insert name[s] of benchmark(s)], which [is/are] provided by [insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark].</i>
	EU Benchmark Regulation: Article 29(2) statement on benchmarks:	<i>[As at the date of these Final Terms, [insert name[s] of the administrator[s]] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and</i>



Markets Authority [(ESMA)] pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) [(the BMR)]. [As far as the Issuer is aware, [[insert name of the benchmark] does not fall within the scope of the BMR by virtue of Article 2 of the BMR.]/[the transitional provisions in Article 51 of the BMR apply, such that the administrator is not currently required to obtain authorisation/registration]]. (repeat as necessary)]

*(if Not Applicable, delete this sub-paragraph)*

## 9. TERMS AND CONDITIONS OF THE OFFER

*(Delete whole section if subparagraph 8(viii) above is specified to be Not Applicable because there is no Non-exempt Offer)*

- |     |  |   |
|-----|--|---|
| (a) | Offer Price:   | [Issue Price/Not Applicable/specify]  |
| (b) | Conditions to which the offer is subject:  | [Not Applicable/give details]   |
| (c) | Description of the application process:  | [A prospective investor will subscribe for Notes in accordance with the arrangements agreed with the relevant authorized intermediary relating to the subscription of securities generally/give details/Not Applicable] |
| (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) | 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/*give details*]
- (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: [*insert name*] [*insert address*] [The Authorised Offerors identified in paragraph [8] above and identifiable from the Base Prospectus/None/*give details*]

**NOTES WITH A DENOMINATION OF AT LEAST €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY), OTHER THAN EXEMPT NOTES**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of at least €100,000 (or its equivalent in any other currency) issued under the Programme.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.]<sup>21</sup>

**[[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)] [MiFID II]; and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the [Notes] (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**OR**

**[MiFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")]] [MiFID II]; EITHER [and (ii) all channels for distribution of the [Notes] are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the [Notes] to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] [non-advised sales ] [and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the [Notes] (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) -** *[To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]*<sup>22</sup>

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<sup>21</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>22</sup> Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

[Date]

## FINAL TERMS

**UniCredit S.p.A.**

*[Please include the place of incorporation, registered office, registration number and form of the Issuer]*

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the**

**€60,000,000,000 Euro Medium Term Note Programme**

### Part A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] set forth in the Base Prospectus dated 5 June 2019 [and the supplement[s] to it dated [date(s)] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). 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 Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at UniCredit S.p.A., Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy and has been published 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 Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] (the **Conditions**) set forth in [the Base Prospectus dated 7 June 2018 / the supplement dated 23 November 2018 to the Base Prospectus dated 7 June 2018, as further supplemented by the supplement dated 11 February 2019 to the Base Prospectus dated 7 June 2018] which are incorporated by reference in the Base Prospectus dated 5 June 2019. 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 the Base Prospectus dated [current date] [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at UniCredit S.p.A., Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy and has been published 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 (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

*[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. Series Number:
- (a) Tranche Number:
- (b) [Date on which the Notes will be  [The Notes will be consolidated and form a single Series

- consolidated and form a single Series: with *[Provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on *[the Issue Date/ the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [date]][Not Applicable]]*
- (delete this paragraph if Not Applicable)*
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount:
- (a) Series: [ ]
- (b) Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* *(if applicable)*]
5. Specified Denominations<sup>23</sup>: [ ]
- (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made. Note that only English Law Notes can be issued in registered form)*
- (Notes must have a minimum denomination of €100,000 (or equivalent). In the case of Non-Preferred Senior Notes, Notes must have a minimum denomination of €250,000 (or equivalent))*
- (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 [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (a) 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)*
6. Issue Date: [ ]

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<sup>23</sup> The minimum denomination of the Non-Preferred Senior Notes will be Euro 250,000 and the minimum denomination of each Additional Tier 1 Note will be Euro 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body).

- (a) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [Specify date or for Floating rate - Interest Payment Date falling in or nearest to [specify month and year]<sup>24</sup>]
- [(The Maturity Date may need to be not less than one year after the Issue Date)]*
- [The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described in the Conditions.] (N.B. only applicable to Additional Tier 1 Notes)*
8. Interest Basis: [[ ] per cent. Fixed Rate]
- [[ ] per cent. Fixed Rate from [ ] to [ ], then [ ] per cent. Fixed Rate from [ ] to [ ]]
- [[ ] month [LIBOR/EURIBOR/CAD-BACDOR/CMS Reference Rate] +/- [ ] per cent. Floating Rate]
- [Floating Rate: CMS Rate Linked Interest]
- [Inflation Linked Interest]
- [Zero Coupon]
- (further particulars specified below)
9. Redemption/Payment Basis: 100 per cent.
10. Change of Interest Basis: *[Specify the date when any fixed to floating rate or vice versa change occurs or cross refer to paragraphs 13, 15 and 16 below and identify there] [Not Applicable]*
11. Call Options: [Not Applicable]
- [Issuer Call]
- [Regulatory Call]
- [Issuer Call due to MREL or TLAC Disqualification Event]
- [(see paragraph[s] [20]/[, 21][and][22 below]
12. Status of the Notes: [Senior / Non-Preferred Senior / Subordinated / Additional Tier 1]

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<sup>24</sup> Note that for Renminbi denominated Fixed Rate Notes, where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

- (a) [Date of [Board] approval for [ ]  
issuance of Notes

*(Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. 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 in arrear on each Interest Payment Date] *[specify other in case of different Rates of Interest in respect of different Interest Periods]*

- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date

*(Amend appropriately in the case of irregular coupons)*

- (c) Business Day Convention: [Modified Following Business Day Convention/Not Applicable]

*(For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention)*

- (d) Fixed Coupon Amount(s): [[ ] per Calculation Amount *(applicable to the Notes in definitive form)*]/[ ] per Aggregate Nominal Amount of the Notes *(applicable to the Notes in global form)*] [payable [[ ] in arrear] on [ ]/[each Interest Payment Date]], except for the amount of interest payable on the first Interest Payment Date falling on [ ].] [[This]/[These] Fixed Coupon Amount[s] appl[ies]/[y] if the Notes are represented by a global Note or are in definitive form.]

*(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Periods)*

- (e) Broken Amount(s): [[ ] per Calculation Amount *(applicable to the Notes in definitive form)*]/[ ] per Aggregate Nominal Amount of the Notes *(applicable to the Notes in global form)*], payable on the Interest Payment Date falling [in/on] [ ].] [This Broken Amount applies if the Notes are represented by a global Note or are in definitive form]/[Not Applicable]

- (f) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)]<sup>25</sup> [Actual/Actual Canadian Compound Method]<sup>26</sup>

- (g) Determination Date[s]: [[ ] in each year][Not Applicable]

*(Only relevant where Day Count Fraction is*

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<sup>25</sup> Applicable for Fixed Rate Notes denominated in Renminbi.

<sup>26</sup> Applicable for Fixed Rate Notes denominated in Canadian Dollars.

*Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

14. **Reset Note Provisions:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Initial Rate of Interest: [●] per cent. per annum payable in arrear [on each Interest Payment Date]
  - (b) First Margin: [+/-][●] per cent. per annum
  - (c) Subsequent Margin: [[+/-][●] per cent. per annum] [Not Applicable]
  - (d) Interest Payment Date(s): [●] [and [●]] in each year up to and including the Maturity Date [until and excluding [●]]
  - (e) Fixed Coupon Amount up to (but excluding) the First Reset Date: [[●] per Calculation Amount][Not Applicable]
  - (f) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
  - (g) First Reset Date: [●]
  - (h) Second Reset Date: [●]/[Not Applicable]
  - (i) Subsequent Reset Date(s): [●] [and [●]]
  - (j) Relevant Screen Page: [ISDAFIX1]/[ISDAFIX2]/[ISDAFIX3]/[ISDAFIX4]/[ISDAFIX5]/[ISDAFIX6]/[●]/[Not Applicable]
  - (k) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
  - (l) Mid-Swap Maturity: [●]
  - (m) Reset Reference Rate Conversion: [Applicable/Not Applicable]
  - (n) Original Reset Reference Rate Payment Basis: [Annual/Semi-annual/Quarterly/Monthly/Not Applicable]
  - (o) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]



		[30E/360 (ISDA)]
		[Actual/Actual ICMA]
(p)	Determination Dates:	[●] in each year
(q)	Business Centre(s):	[●]
(r)	Calculation Agent:	[●]
(s)	Reference Rate Replacement:	[Applicable][Not Applicable]
15.	Floating Rate Note Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ], subject to adjustment in accordance with the Business Day Convention set out in subparagraph (b) below/, not subject to any adjustment, as the Business Day Convention in subparagraph (b) below is specified to be Not Applicable]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (Calculation Agent or Principal Paying Agent as applicable):	[name] shall be the Calculation Agent ( <i>no need to specify if the Principal Paying Agent is to perform this function</i> )
(f)	Screen Rate Determination:	
	Reference Rate(s):	[[ ] month [LIBOR/EURIBOR/CAD-BA-CDOR/CMS Reference Rate]]/[CMS Rate]]
	Relevant Financial Centre:	[London/Brussels/specify other Relevant Financial Centre] ( <i>only relevant for CMS Rate</i> )
		<i>(If CMS Rate is not applicable, delete the remaining subparagraphs of this paragraph)</i>

- Reference Currency: ☐ (only relevant for CMS Rate)
- Designated Maturity: ☐ (only relevant for CMS Rate)
- Specified Time: ☐ in the Relevant Financial Centre (only relevant for CMS Rate)
- (i) Interest Determination Date(s): ☐
- (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 or CAD-BA-CDOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR, euro LIBOR, or CMS Rate when the reference currency is euro)*
- (In the case of a CMS Rate where the Reference Currency is euro): [Second day on which the TARGET2 system is open prior to the start of each interest Period]*
- (In the case of a CMS Rate where the Reference Currency is other than euro): [Second (specify type of day) prior to the start of each Interest Period]*
- (ii) Relevant Screen Page: [ISDAFIX2 or any successor screen page] *[insert other screen page]*
- (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)*
- (In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)*
- CMS Rate definitions: [Cap means ☐ per cent. per annum]
- [Floor means ☐ per cent. per annum]
- [Leverage means ☐ per cent.]
- (g) ISDA Determination:
- (i) Floating Rate Option: ☐
- (ii) Designated Maturity: ☐
- (iii) Reset Date: ☐ ☐
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of a CMS Linked Interest Note, if based on euro then the first day of each Interest Period and if otherwise to be checked.)*

(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )]
(i)	Difference in Rates:	[Applicable]/[Not Applicable]
	CMS Rate 1:	[       ]
	Manner in which CMS Rate 1 is to be determined:	[Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
	CMS Rate 2:	[       ]
	Manner in which Rate 2 is to be determined:	[Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
(j)	Margin(s):	[Not Applicable] [[+/-] [ ] per cent. per annum]
(k)	Minimum Rate of Interest:	[ ] per cent. per annum
(l)	Maximum Rate of Interest:	[ ] per cent. per annum
(m)	Day Count Fraction:	[[Actual/Actual (ISDA)]] [Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond basis] 30E/360 (ISDA)] <sup>27</sup>
(n)	Reference Rate Replacement:	[Applicable] [Not Applicable]
16.	Inflation Linked Interest Note Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(a)	Inflation Index:	[Inflation for Blue Collar Workers and Employees - Excluding Tobacco Consumer Price Index Unrevised (CPI)/ Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP)]  <i>(Give or annex details of index/indices)</i>  [Amounts payable under the Notes will be calculated by reference to [CPI/HICP] which is provided by [●]. [As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Regulation (EU) 2016/1011 (the <b>Benchmarks Regulation</b> ).] [As far as

<sup>27</sup> Actual 365 (Fixed) is applicable to Renminbi and Canadian Dollars denominated Notes.

the Issuer is aware, [CPI/HICP] [does/do] not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that Regulation.]]

- (b) Inflation Index Sponsor: [ ]
- (c) Index Factor: [ ] [*Specify the relevant Index Factor*] [Not Applicable]
- (d) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [name] shall be the Calculation Agent
- (e) Determination Date(s): [ ]
- (f) Interest or calculation period(s): [ ]
- (g) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (h) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (Note that this item adjusts the end date of each Interest Period (and, consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 7.8 (Payment Day) of the Terms and Conditions for the English Law Notes and Condition 9.7 (Payment Day) of the Terms and Conditions for the Italian Law Notes.)*
- (i) Additional Business Centre(s): [ ]
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Margin: [[insert Margin] per cent. per annum] [Not Applicable]
- (m) Day Count Fraction: [ ]
- (n) Commencement Date of the Inflation Index: [ ] [*Specify the relevant commencement month of the retail price index*]
- (o) Reference Month: [ ]
- (p) Reference Bond: [ ]
- (q) Related Bond: [Applicable]/[Not Applicable]

The Related Bond is: [ ] [Fallback Bond]

The issuer of the Related Bond is: [ ]

- (r) Fallback Bond: [Applicable]/[Not Applicable]
- (s) Cut-Off Date: [As per Conditions]/[specify other]
- (t) End Date: [ ]  
*(This is necessary whenever Fallback Bond is applicable)*
- (u) Additional Disruption Events: [Change of Law]  
[Increased Cost of Hedging]  
[Hedging Disruption]  
[None]
- (v) Trade Date: [ ]
17. Change of Interest Basis Provisions: [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*  
*(To be completed in addition to paragraphs 13 and 15 above (as appropriate) if any fixed to floating or fixed reset rate change occurs)*
- (a) Switch Option: [Applicable – [specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies]/[Not Applicable]  
*(The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 16 (Notices) of the Terms and Conditions for the English Law Notes and with Condition 17 (Notices) of the Terms and Conditions for the Italian Law Notes on or prior to the relevant Switch Option Expiry Date)*
- (b) Switch Option Expiry Date: [ ]
- (c) Switch Option Effective Date: [ ]
18. 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) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

## PROVISIONS RELATING TO REDEMPTION

19. Notice periods for Condition 8.2 of the Terms and Conditions for the English Law Notes and Condition 10.3 of the Terms and Conditions for the Italian Law Notes and Condition 8.5 of the Terms and Conditions for the English Law Notes and Condition 10.6 of the Terms and Conditions for the Italian Law Notes:
- Minimum period: [ ] days
- Maximum period: [ ] days
20. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount (in the case of Subordinated Notes or Additional Tier 1 Notes only, subject to the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations): [[ ] per Calculation Amount][[Make-whole Amount]]
- (c) Reference Bond: [Insert applicable Reference Bond/FA Selected Bond]
- (d) Quotation Time: [11.00 a.m. [London/specify other] time]
- (e) Redemption Margin: [[ ] per cent./Not Applicable]
- (f) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (g) Notice period: Minimum period: [ ] days
- Maximum period: [ ] days
- (When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any*

- other notice requirements which may apply, for example, as between the Issuer and the Agent or, in the case of English Law Notes, Trustee)*
21. Regulatory Call: [Applicable/Not Applicable]
- (Only relevant in the case of Subordinated Notes and Additional Tier 1 Notes)*
22. Issuer Call due to MREL or TLAC Disqualification Event: [Applicable]/[Not Applicable]
- (Please consider that not less than the minimum period nor more than maximum period (each as specified in paragraph 19 above) of notice has to be sent to the Principal Paying Agent and, in the case of English Law Notes, the Trustee and, in accordance with Condition 16 (Notices) of the Terms and Conditions for the English Law Notes and with Condition 17 (Notices) of the Terms and Conditions for the Italian Law Notes, the Noteholders)*
- (Only relevant in the case of Senior Notes or Non-Preferred Senior Notes)*
23. Final Redemption Amount: [ ]/[100 per cent.] per Calculation Amount]
24. Early Redemption Amount payable on redemption: [ ] [per Calculation Amount/As per Condition] [[8.6] (Early Redemption Amounts) of the Terms and Conditions for the English Law Notes/[10.7] (Early Redemption Amounts) of the Terms and Conditions for the Italian Law Notes]
- (i) for taxation reasons (subject to [insert in the case of Senior Notes and Non-Preferred Senior Notes] [Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes] [insert in the case of Subordinated Notes] [Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes] [insert in the case of Additional Tier 1 Notes] [Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations)]) as contemplated by Condition 8.2 of the Terms and Conditions for the English Law Notes and Condition 10.3 of the
- [See also paragraph 21 above] (Delete this cross-reference unless the Notes are Subordinated Notes or Additional Tier 1 Notes and the Regulatory Call is applicable)*
- [See also paragraph 22 above] (Delete this cross-reference unless the Notes are Senior Notes or Non-Preferred Senior Notes and the Issuer Call due to MREL or TLAC Disqualification Event is applicable)*

Terms and Conditions for the Italian Law Notes;

- (ii) *[insert in case of Subordinated Notes or Additional Tier 1 Notes]* [for regulatory reasons (*[insert in the case of Subordinated Notes]* [subject to Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes] *[insert in case of Additional Tier 1 Notes]* [subject to Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations))] as contemplated by Condition 8.3 of the Terms and Conditions for the English Law Notes and Condition 10.4 of the Terms and Conditions for the Italian Law Notes;]
- (iii) *[insert in case of Senior Notes or Non-Preferred Senior Notes]* [for MREL or TLAC Disqualification Event (subject to Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes) as contemplated by Condition 8.5 of the Terms and Conditions for the English Law Notes and Condition 10.6 of the Terms and Conditions for the Italian Law Notes; or]
- (iv) on event of default (subject to *[insert in the case of Senior Notes or Non-Preferred Senior Notes]* [Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes] *[insert in the case of Subordinated Notes]* [Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and



Conditions for the Italian Law Notes] *[insert in the case of Additional Tier 1 Notes]* [Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations))],

and/or the method of calculating the same (if required or if different from that set out in Condition 8.6 of the Terms and Conditions for the English Law Notes and Condition 10.7 of the Terms and Conditions for the Italian Law Notes:

25. Extendible Notes: [Applicable/Not Applicable]
- (a) Initial Maturity Date: [ ]
- (b) Final Maturity Date: [ ]
- (c) Election Date(s): [ ]
- (d) Notice period: Not less than [ ] nor more than [ ] days prior to the applicable Election Date<sup>\*</sup>
26. RMB Currency Event: [Applicable] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Spot Rate: (i) Relevant Spot Rate Screen Page: [Reuters CNHFIX01]/[ ]/[Not Applicable]
- (ii) Relevant Valuation Time: [ ]/[Not Applicable]
- (b) Party responsible for calculating the Spot Rate: [Calculation Agent][Not Applicable]
27. Relevant Currency: [*specify*] [Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes
- (a) Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a

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<sup>\*</sup> For any maturity extension at the option of the holder a minimum of 10 business days notice is required.

Permanent Bearer Global Note which is exchangeable for definitive Notes upon an Exchange Event]

[Permanent Bearer Global Note exchangeable for definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.<sup>28</sup>]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 above includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")*

[Registered Notes:

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

*(Note that only English Law Notes can be issued in registered form)*

- |     |   |   |
|-----|---|---|
| (b) | New Global Note:  | [Yes] [No]  |
| 29. | Additional Financial Centre(s):                               | [Not Applicable/give details]<br><i>(Note that this paragraph relates to the date of payment and not the end dates of Periods for the purpose of calculating the amount of interest, to which subparagraph 15(c) above relates)</i> |
| 30. | RMB Settlement Centre(s):                                     | [Not Applicable/give details]   |
| 31. | Talons for future Coupons to be attached to Definitive Notes: | [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]  |

### [THIRD PARTY INFORMATION

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<sup>28</sup> Include for Notes that are to be offered in Belgium.

[*Relevant third-party information*] has been extracted from [*specify source*]. The Issuer confirms 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 UniCredit S.p.A.:

By:

*Duly authorised*

By:

*Duly authorised*

## Part B – OTHER INFORMATION

- 1. LISTING AND ADMISSION TO TRADING**
- [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from [ ].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from [ ].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*
- (a) Estimate of total expenses [ ] related to admission to trading:
- 2. RATINGS**
- Ratings:
- [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
- [insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].*
- [Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]
- (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.)*
- 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**
- [Save for the fees [of [insert relevant fee disclosure]] payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Dealers/Managers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – Amend as appropriate if there are other interests]
- [(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*
- 4. YIELD** (Fixed Rate Notes only)
- Indication of yield: [ ] [Not Applicable]
- 5. HISTORIC INTEREST RATES** (Floating Rate Notes only)

[Details of historic [LIBOR/EURIBOR/CAD-BA-CDOR/CMS Reference Rate] rates can be obtained from [Reuters].] [Not Applicable]

## 6. OPERATIONAL INFORMATION

- |     |   |   |
|-----|---|---|
| (a) | ISIN Code:  | [ ]   |
| (b) | Common Code:  | [ ]   |
| (c) | CUSIP:  | [ ] [Not Applicable]  |
| (d) | CINS:   | [ ] [Not Applicable]  |
| (e) | CFI:  | [[ <i>include code</i> ] <sup>29</sup> , as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]  |
| (f) | FISN:   | [[ <i>include code</i> ] <sup>30</sup> , as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]  |
| (g) | [[ <i>specify other codes</i> ]   | [ ]   |
| (h) | Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)]   |
| (i) | Delivery:   | Delivery [against/free of] payment  |
| (j) | Names and addresses of additional Paying Agent(s) (if any):   | [ ]   |
| (k) | Intended to be held in a manner which would allow Eurosystem eligibility:   | <p>[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /</p> <p>[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for</p> |

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<sup>29</sup> The actual code should only be included where the Issuer is comfortable that it is correct.

Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 7. DISTRIBUTION

- |        |  |   |
|--------|--|---|
| (i)    | Method of distribution:  | [Syndicated/Non-syndicated]   |
| (ii)   | If syndicated, names and addresses of Managers (specifying Lead Manager) and underwriting commitments: | [Not Applicable/ <i>give names</i> ]<br><br><i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses 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.)</i>  |
| (iii)  | Date of [Subscription Agreement/ <i>other agreement</i> ]:   | [            ] [Not Applicable]   |
| (iv)   | Stabilisation Manager(s) (if any):   | [Not Applicable/ <i>give name</i> ]   |
| (v)    | If non-syndicated, name and address of relevant Dealer:  | [Not Applicable/ <i>give name and address</i> ]   |
| (vi)   | U.S. Selling Restrictions:   | [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]   |
| (vii)  | Prohibition of Sales to EEA Retail Investors:  | [Applicable/Not Applicable]<br><br><i>(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)</i>   |
| (viii) | [EU Benchmark Regulation:  | [Applicable: Amounts payable under the Notes are calculated by reference to <i>[insert name[s] of benchmark(s)]</i> , which [is/are] provided by <i>[insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark]</i> .  |
|        | EU Benchmark Regulation: Article 29(2) statement on benchmarks:  | [As at the date of these Final Terms, <i>[insert name[s] of the administrator[s]]</i> [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority [(ESMA)] pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) [(the BMR)]. [As far as the Issuer is aware, <i>[[insert name of the benchmark]</i> does not fall within the scope of the BMR by virtue of Article 2 of the BMR.]/[the transitional provisions in Article 51 of the BMR apply, such that the administrator is not currently required to obtain |

authorisation/registration]]. *(repeat as necessary)*]]

*(if Not Applicable, delete this subparagraph)*

## Applicable Pricing Supplement

### APPLICABLE PRICING SUPPLEMENT

#### EXEMPT NOTES OF ANY DENOMINATIONS

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.**

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>30</sup>

**[MIFID II product governance / target market** - *[appropriate target market legend to be included]*]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)** - *[To insert notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]*<sup>31</sup>

*[Date]*

### PRICING SUPPLEMENT

UniCredit S.p.A.

*[Please include the place of incorporation, registered office, registration number and form of the Issuer]*

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

under the

€60,000,000,000 Euro Medium Term Note Programme

### Part A – CONTRACTUAL TERMS

Any person making or intending to make an offer 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 to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 5 June 2019 [as supplemented by the supplement[s] dated [date[s]]] (the Base Prospectus). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus

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<sup>30</sup> Legend to be included on front of the Pricing Supplement if the Notes potentially constitute “packaged” products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>31</sup> Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.



may be obtained from [address]. Stamp duty is paid virtually, if due, to Auth. Agenzia delle Entrate, Ufficio di Roma 1, No. 143106/07 of 21 December 2007.

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions for the English Law Notes] [Terms and Conditions for the Italian Law Notes] (the Conditions) set forth in the Base Prospectus [dated [original date] [and the supplement dated [date]] which are incorporated by reference in the Base Prospectus].<sup>32</sup>

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

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

1. Issuer: UniCredit S.p.A.
2. Series Number: [ ]
  - (a) Tranche Number: [ ]
  - (b) [Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [Provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [date]]][Not Applicable]]
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. Specified Denominations<sup>33</sup>: [ ]
  - (a) 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)

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<sup>32</sup> Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

<sup>33</sup> The minimum denomination of the Non-Preferred Senior Notes will be Euro 250,000 and the minimum denomination of each Additional Tier 1 Note will be Euro 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body).

7. Issue Date: [ ]
- (a) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [ ]
- [The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described in the Conditions.] *(N.B. only applicable to Additional Tier 1 Notes)*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[specify Reference Rate] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[Inflation Linked Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 16 below and identify there] [Not Applicable]
12. Call Options: [Not Applicable]
- [Issuer Call]
- [Issuer Call due to MREL or TLAC Disqualification Event]
- [(further particulars specified below)]
13. Status of the Notes: [Senior / Non-Preferred Senior / Subordinated / Additional Tier 1]
- (a) [Date of [Board] approval for issuance of Notes: [ ]]
- (Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

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

14. 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 in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (c) Business Day Convention: [Modified Following Business Day Convention/Not Applicable]  
  
*(For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention)*
- (d) Fixed Coupon Amount(s): [[ ] per Calculation Amount *(applicable to the Notes in definitive form)*]/[[ ] per Aggregate Nominal Amount of the Notes *(applicable to the Notes in global form)*] [payable [[ ] in arrear] on [ ]/[each Interest Payment Date][, except for the amount of interest payable on the first Interest Payment Date falling on [ ]].] [[This]/[These] Fixed Coupon Amount[s] appl[ies]/[y] if the Notes are represented by a global Note or are in definitive form.]  
  
*(Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Periods)*
- (e) Broken Amount(s): [[ ] per Calculation Amount *(applicable to the Notes in definitive form)*]/[[ ] per Aggregate Nominal Amount of the Notes *(applicable to the Notes in global form)*][, payable on the Interest Payment Date falling [in/on] [ ].] [This Broken Amount applies if the Notes are represented by a global Note or are in definitive form]/[Not Applicable]
- (f) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other][Actual 365 (Fixed)]<sup>34</sup>[Actual/Actual Canadian Compound Method]<sup>35</sup>
- (g) Determination Date[s]: [[ ] in each year][Not Applicable]  
  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
15. Reset Note Provisions: [Applicable/Not Applicable]  
  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Initial Rate of Interest: [●] per cent. per annum payable in arrear [on each Interest Payment Date]
- (b) First Margin: [+/-][●] per cent. per annum

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<sup>34</sup> Applicable for Fixed Rate Notes denominated in Renminbi.

<sup>35</sup> Applicable for Fixed Rate Notes denominated in Canadian Dollars.

- (c) Subsequent Margin:  $[[+/-][\bullet]$  per cent. per annum] [Not Applicable]
- (d) Interest Payment Date(s):  $[\bullet]$  [and  $[\bullet]$ ] in each *year* up to and including the Maturity Date [until and excluding  $[\bullet]$ ]
- (e) Fixed Coupon Amount up to (but excluding) the First Reset Date:  $[[\bullet]$  per *Calculation Amount*] [Not Applicable]
- (f) Broken Amount(s):  $[[\bullet]$  per *Calculation Amount* payable on the Interest Payment Date falling [in/on]  $[\bullet]$ ] [Not Applicable]
- (g) First Reset Date:  $[\bullet]$
- (h) Second Reset Date:  $[\bullet]$ /[Not Applicable]
- (i) Subsequent Reset Date(s):  $[\bullet]$  [and  $[\bullet]$ ]
- (j) Relevant Screen Page: [ISDAFIX1]/[ISDAFIX2]/[ISDAFIX3]/[ISDAFIX4]/[ISDAFIX5]/[ISDAFIX6]/ $[\bullet]$ /[Not Applicable]
- (k) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (l) Mid-Swap Maturity:  $[\bullet]$
- (m) Reset Reference Rate Conversion: [Applicable/Not Applicable]
- (n) Original Reset Reference Rate Payment Basis: [Annual/Semi-annual/Quarterly/Monthly/Not Applicable]
- (o) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual ICMA]
- (p) Determination Dates:  $[\bullet]$  in each year
- (q) Business Centre(s):  $[\bullet]$
- (r) Calculation Agent:  $[\bullet]$
- (s) Reference Rate Replacement: [Applicable]/[Not Applicable]

16. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ] [ , subject to adjustment in accordance with the Business Day Convention set out in subparagraph (b) below/, not subject to any adjustment, as the Business Day Convention in subparagraph (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (Calculation Agent or Principal Paying Agent as applicable): [*name*] shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)
- (f) Screen Rate Determination:
- (i) Reference Rate: Reference Rate: [ ] month [LIBOR/EURIBOR/CAD-BA-CDOR/CMS Reference Rate]. (*Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement for the English Law Notes and in the Agency Agreement for the Italian Law Notes*)
- (ii) Interest Determination Date(s): [ ]
- (*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 or CAD-BA-CDOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
- (iii) Relevant Screen Page: [ISDAFIX2 or any successor screen page] [*insert other screen page*]
- (*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*)
- (g) ISDA Determination:
- (i) Floating Rate Option: [ ]

- (ii) Designated Maturity: [ ]
- (iii) Reset Date: [ ]
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [ ] per cent. per annum
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
30E/360 (ISDA)  
*Other*<sup>36</sup>
- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [ ]
- (n) Reference Rate Replacement: [Applicable][Not Applicable]
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 determining amount payable for Zero Coupon Notes which are Exempt Notes:
- (d) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

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<sup>36</sup> Actual 365 (Fixed) is applicable to Renminbi and Canadian Dollars denominated Notes.

- [specify other codes]
18. Index Linked Interest Note: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Index/Formula: [give or annex details]  
*[If physical settlement of Index Linked Notes is contemplated, details to be set out in an annex]*
- (b) Party responsible for calculating the Rate of Interest and Interest Amount (Calculation Agent or Principal Paying Agent as applicable): [name] shall be the Calculation Agent *(no need to specify if the Principal Paying Agent is to perform this function)*
- (c) 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]*
- (d) Specified Period(s)/Specified Interest Payment Dates: [ ] [, subject to adjustment in accordance with the Business Day Convention set out in [(b) below/, not subject to any adjustment, as the Business Day Convention in (f) below] is specified to be Not Applicable]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other] [Not Applicable]
- (f) Additional Business Centre(s): [ ]
- (g) Minimum Rate of Interest: [ ] per cent. per annum
- (h) Maximum Rate of Interest: [ ] per cent. per annum
- (i) Day Count Fraction: [ ]
19. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (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 *[need to include a description of market disruption or*

calculation by reference to Rate of Exchange impossible or impracticable: *settlement disruption events and adjustment provisions]*

- (d) Person at whose option Specified Currency(ies) is/are payable: [ ]

## PROVISIONS RELATING TO REDEMPTION

20. Notice periods for Condition 8.2 of the Terms and Conditions for the English Law Notes and Condition 10.3 of the Terms and Conditions for the Italian Law Notes and Condition 8.5 of the Terms and Conditions for the English Law Notes and Condition 10.6 of the Terms and Conditions for the Italian Law Notes:
- Minimum period: [ ] days
- Maximum period: [ ] days

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 (in the case of Subordinated Notes and Additional Tier 1 Notes only, subject to the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations): [ ] per Calculation Amount

- (c) Notice periods: Minimum period: [ ] days
- Maximum period: [ ] days

*(When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or, in the case of English Law Notes, the Trustee).*

22. Regulatory Call: [Applicable/Not Applicable]

*(Only relevant in the case of Subordinated Note and Additional Tier 1 Notes)*



23. Issuer Call due to MREL or TLAC Disqualification Event: [Applicable]/[Not Applicable]
- (Please consider that not less than the minimum period nor more than maximum period (each as specified in paragraph 19 above) of notice has to be sent to the Principal Paying Agent and, in the case of English Law Notes, the Trustee and, in accordance with Condition 16 (Notices) of the Terms and Conditions for the English Law Notes and with Condition 17 (Notices) of the Terms and Conditions for the Italian Law Notes, the Noteholders)*
- (Only relevant in the case of Senior Notes or Non-Preferred Senior Notes)*
24. Final Redemption Amount: [ ]/[100 per cent.] per Calculation Amount]
25. Early Redemption Amount payable on redemption: [ ] [per Calculation Amount/As per Condition] [[8.6] *(Early Redemption Amounts)* of the Terms and Conditions for the English Law Notes/[10.7] *(Early Redemption Amounts)* of the Terms and Conditions for the Italian Law Notes]
- (i) for taxation reasons (subject to *[insert in the case of Senior Notes and Non-Preferred Senior Notes]* [Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes] *[insert in the case of Subordinated Notes]* [Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes] *[insert in the case of Additional Tier 1 Notes]* [Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations)]) as contemplated by Condition 8.2 of the Terms and Conditions for the English Law Notes and Condition 10.3 of the Terms and Conditions for the Italian Law Notes;
- [See also paragraph 22 (Regulatory Call) above] (Delete this cross-reference unless the Notes are Subordinated Notes or Additional Tier 1 Notes and the Regulatory Call is applicable)*
- [See also paragraph 23 above] (Delete this cross-reference unless the Notes are Senior Notes or Non-Preferred Senior Notes and the Issuer Call due to MREL or TLAC Disqualification Event is applicable)*
- (ii) *[insert in case of Subordinated Notes or Additional Tier 1 Notes]*  
*[for regulatory reasons ([insert in the case of Subordinated Notes]*

[subject to Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes] *[insert in case of Additional Tier 1 Notes]* [subject to Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations))] as contemplated by Condition 8.3 of the Terms and Conditions for the English Law Notes and Condition 10.4 of the Terms and Conditions for the Italian Law Notes;]

- (iii) *[insert in case of Senior Notes or Non-Preferred Senior Notes]* [for MREL or TLAC Disqualification Event (subject to Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes) as contemplated by Condition 8.5 of the Terms and Conditions for the English Law Notes and Condition 10.6 of the Terms and Conditions for the Italian Law Notes; or]
- (iv) on event of default (subject to *[insert in the case of Senior Notes or Non-Preferred Senior Notes]* [Condition 8.15 of the Terms and Conditions for the English Law Notes and Condition 10.16 of the Terms and Conditions for the Italian Law Notes] *[insert in the case of Subordinated Notes]* [Condition 8.14 of the Terms and Conditions for the English Law Notes and Condition 10.15 of the Terms and Conditions for the Italian Law Notes] *[insert in the case of Additional Tier 1 Notes]* [Condition 10.15 of the Terms and Conditions for the Italian Law Notes (including the prior approval of the relevant

Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations)),

and/or the method of calculating the same (if required or if different from that set out in Condition 8.6 of the Terms and Conditions for the English Law Notes and Condition 10.7 of the Terms and Conditions for the Italian Law Notes (*Redemption and Purchase – Early Redemption Amounts*)):

26. RMB Currency Event: [Applicable] [Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Spot Rate: (i) Relevant Spot Rate Screen Page: [Reuters CNHFIX01]/[ ]/[Not Applicable]
- (ii) Relevant Valuation Time: [ ]/[Not Applicable]
- (b) Party responsible for calculating the Spot Rate: [Calculation Agent][Not Applicable]
27. Relevant Currency: [*specify*] [Not Applicable]
28. Extendible Notes: [Applicable/Not Applicable]
- (a) Initial Maturity Date: [ ]
- (b) Final Maturity Date: [ ]
- (c) Election Date(s): [ ]
- (d) Notice period: Not less than [ ] nor more than [ ] days prior to the applicable Election Date<sup>\*</sup>

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes:
- (a) Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Notes upon an Exchange Event]
- [Permanent Bearer Global Note exchangeable for

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<sup>\*</sup> For any maturity extension at the option of the holder a minimum of 10 business days' notice is required.

definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.<sup>37</sup>]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 above includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].".)*

[Registered Notes:

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

*(Note that only English Law Notes can be issued in registered form)*

- |     |  |  |
|-----|--|--|
| (b) | [New Global Note:  | [Yes] [No]]  |
| 30. | Additional Financial Centre(s):  | [Not Applicable/give details]<br><i>(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which subparagraph 15(c) above) relates)</i> |
| 31. | RMB Settlement Centre  | [Not Applicable/give details]  |
| 32. | Talons for future Coupons to be attached to Definitive Notes:  | [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]   |
| 33. | 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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late | [Not Applicable/give details. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]   |

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<sup>37</sup> Include for Notes that are to be offered in Belgium.

payment.

34. Details relating to Instalment Notes: [Applicable/Not Applicable]

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

(a) Instalment Amount(s): [give details]

(b) Instalment Date(s): [give details]

35. Other terms or special conditions: [Not Applicable/give details]

**[THIRD PARTY INFORMATION]**

[*Relevant third party information*] has been extracted from [specify source]. The Issuer confirms 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 UniCredit S.p.A.:

By:

Duly authorised

By:

Duly authorised

## Part B – OTHER INFORMATION

1. **LISTING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [specify market - note this must not be a regulated market] with effect from [ ].] [Not Applicable]
2. **RATINGS**  
  
Ratings: [The Notes to be issued are not expected to be rated] [The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)]
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**  
  
[Save for the fees [of [insert relevant fee disclosure]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – Amend as appropriate if there are other interests]
4. **OPERATIONAL INFORMATION**
  - (i) ISIN: [ ]
  - (ii) Common Code: [ ]
  - (iii) CUSIP: [ ] [Not Applicable]
  - (iv) CINS: [ ] [Not Applicable]
  - (v) CFI: [[include code]<sup>38</sup>, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
  - (vi) FISN: [[include code]<sup>40</sup>, as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
  - (vii) [[specify other codes] [ ]]
  - (viii) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
  - (ix) Delivery: Delivery [against/free of] payment

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<sup>38</sup> The actual code should only be included where the Issuer is comfortable that it is correct.

- |      |   |   |
|------|---|---|
| (x)  | Names and addresses of additional Paying Agent(s) (if any):               | [ ]   |
| (xi) | Intended to be held in a manner which would allow Eurosystem eligibility: | <p>[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/</p> |

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 5. DISTRIBUTION

- |       |  |  |
|-------|--|--|
| (i)   | Method of distribution:  | [Syndicated/Non-syndicated]  |
| (ii)  | If syndicated, names and addresses of Managers (specifying Lead Manager) and underwriting commitments: | <p>[Not Applicable/give names]</p> <p><i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses 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.)</i></p> |
| (iii) | Date of [Subscription] Agreement:  | [ ] [Not Applicable]   |
| (iv)  | Stabilisation Manager(s) (if any):   | [Not Applicable/give name]   |
| (v)   | If non-syndicated, name and address of relevant Dealer:  | [Not Applicable/give name and address]   |
| (vi)  | U.S. Selling Restrictions:   | [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]  |

- (vii) Prohibition of Sales to EEA [Applicable/Not Applicable]  
Retail Investors:

(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)



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## Terms and Conditions for the English Law Notes

*The following are the Terms and Conditions applicable to each Series of Notes to be governed under English Law (respectively, the **English Law Notes** or the **Notes** and the **Terms and Conditions for the English Law Notes** or the **Terms and Conditions**) which will be attached to 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 Pricing Supplement in relation to any Tranche of Exempt 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 for the English Law Notes, replace or modify the following Terms and Conditions for the English Law Notes 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 “Applicable Final Terms” 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.*

*Any reference in the Terms and Conditions to “applicable Final Terms” or “Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” or “Pricing Supplement” where relevant in the case of Exempt Notes.*

This Note is one of a Series (as defined below) of Notes constituted by a Fourteenth Amended and Restated Trust Deed (such Fourteenth Amended and Restated Trust Deed, as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 5 June 2019 and made between UniCredit S.p.A. (**UniCredit**) 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 any other company which has become an issuer under the Programme and the Trust Deed in accordance with Condition 17) as indicated in the applicable Final Terms (the **Issuer**, which expression shall include any company substituted in place of the Issuer in accordance with Condition 17). 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 Seventeenth Amended and Restated Agency Agreement dated 5 June 2019 (such Seventeenth Amended and Restated Agency Agreement, as amended and/or supplemented and/or restated from time to time, the **Agency Agreement for the English Law Notes**, or the **Agency Agreement**) and made between UniCredit, 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 Europe AG as registrar (the **Registrar**, which expression shall include any successor registrar) and Citibank Europe plc and Citibank N.A., London Branch as transfer agents and the other transfer agents named therein (the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes) attached to or endorsed on this Note which complete these

Terms and Conditions (the **Conditions**) and, in the case of a Note which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), 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, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note or to the **applicable Pricing Supplement** (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, 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. Exempt Notes in definitive form which are 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 Trustee acts for the benefit of the Noteholders (which expression 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), the holders of the Receipts (the **Receiptholders**) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

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) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed, the Agency Agreement and a deed poll dated 5 June 2019 (the **Deed Poll**) and executed by UniCredit 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 Banque Internationale à Luxembourg S.A. (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. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If this Note is an Exempt Note, the applicable Pricing Supplement 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 or applicable Pricing Supplement 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 currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. 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*.

Unless this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note, an Inflation Linked Interest Note, a Zero Coupon Note, a CMS Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, 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 (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 Exempt Note, this Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note and 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 be an Extendible Note, depending on the Redemption/Payment Basis shown in the applicable Final Terms (or Pricing Supplement if applicable).

This Note may also be a Senior Note or a Subordinated Note or a Non-Preferred Senior Note, 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 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, S.A. (**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 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, 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 Part B 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 of the same series 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 this Condition 2.2 and Conditions 2.3 and 2.6, 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 4 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 8, 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 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 Condition 2.5(a)(i), such transferee may take delivery through a Legended Note in global or definitive form and, in the case of Condition 2.5(a)(ii), 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;
  - (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 of Registered Notes generally

Holders of Registered Notes in definitive form that were sold outside the United States in accordance with regulation S (**Regulation S Notes**) may exchange such Notes for Regulation S Global Notes at any time and holders of Rule 144A Notes in definitive form may exchange such Notes for interests in a Rule 144A Global Note of the same type at any time.

## 2.8 Definitions

In this Condition 2, 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. STATUS OF THE SENIOR NOTES

This Condition 3 applies only to Notes specified in the applicable Final Terms as Senior and being Senior Notes (and, for the avoidance of doubt, does not apply to Non-Preferred Senior Notes).

The Senior Notes and any relative Receipts and Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking (subject to any obligations preferred by any applicable law) *pari passu* with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including Non-Preferred Senior Notes and any further

obligations permitted by law to rank junior to the Senior Notes following the Issue Date), if any) of the Issuer, present and future and, in the case of the Senior Notes, *pari passu* and rateably without any preference among themselves.

Each holder of a Senior Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Senior Note.

#### 4. STATUS OF THE NON-PREFERRED SENIOR NOTES

This Condition 4 applies only to Notes specified in the applicable Final Terms as Non-Preferred Senior and intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-bis of the Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**).

Non-Preferred Senior Notes, any related Receipts and Coupons constitute direct, unconditional, unsubordinated, and unsecured and non-preferred obligations of the Issuer, ranking junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Non-Preferred Senior Notes, *pari passu* without any preferences among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Non-Preferred Senior Notes and in priority to any subordinated instruments and to the claims of shareholders of UniCredit, pursuant to Article 91, section 1-bis, letter c-bis of the Italian Banking Act, as amended from time to time.

Each holder of a Non-Preferred Senior Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Non-Preferred Senior Note.

#### 5. STATUS OF THE SUBORDINATED NOTES

This Condition 5 applies only to Notes specified in the applicable Final Terms as Subordinated and intended to qualify as Tier 2 Capital.

Subordinated Notes (notes intended to qualify as Tier 2 Capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of the Bank of Italy's *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time (the **Bank of Italy Regulations**), including any successor regulations, and Article 63 of the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms) and any relative Receipts and Coupons constitute direct, unconditional, unsecured and subordinated obligations of UniCredit and rank after unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of UniCredit and after all creditors of UniCredit holding instruments which are less subordinated than the relevant Subordinated Notes but at least *pari passu* without any preferences among themselves and with all other present and future 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.

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.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Subordinated Note.

**Competent Authority** means the Bank of Italy and/or, to the extent applicable in any relevant situation, the European Central Bank or any successor or replacement entity to either, or other authority having primary responsibility for the prudential oversight and supervision of UniCredit or the Group

and/or, as the context may require, the "resolution authority" or the "competent authority" as defined under BRRD and/or SRM Regulation.

**Relevant Regulations** means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time (including but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, CRD IV and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority).

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

## 6. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes, Inflation Linked Interest Notes or Zero Coupon Notes or, in the case of Exempt Notes, whether a different interest basis applies.

### 6.1 Interest on Fixed Rate Notes

This Condition 6.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 6.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), any applicable Business Day Convention, the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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. The Rate of Interest may be specified in the applicable Final Terms either (i) as the same Rate of Interest for all Interest Periods or (ii) as a different Rate of Interest in respect of one or more Interest Periods.

In respect of Notes which are denominated in Renminbi, if the Business Day Convention is specified as the Modified Following Business Day Convention in the applicable Final Terms or Pricing Supplement, as the case may be, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, 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.

If the Notes are in definitive form, except as provided in the applicable Final Terms, or if the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) shall apply in the case of Notes represented by a Global Note, 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 case of (i) Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms or (ii) Notes represented by a Global Note where the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) shall apply, interest shall be calculated in respect of any period by applying the Rate of Interest to:



- i. in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- ii. in the case of Fixed Rate Notes in definitive form, 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.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 6.1:

- (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;
- (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;
- (c) if “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the 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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (d) if “Actual/Actual Canadian Compound Method” is specified in the applicable Final Terms, whenever it is necessary to compute any amount of accrued interest in respect of the Notes for a period of less than one full year, other than in respect of any Fixed Coupon Amount or Broken Amount, such interest will be calculated on the basis of the Actual number of days in the period and a year of 365 days; and

- (e) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

In these 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) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant RMB Settlement Centre(s).

**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);

**RMB Settlement Centre**, means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms or Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong; 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.

## 6.2 Interest on Floating Rate Notes and Inflation Linked Interest Notes

### (a) Interest Payment Dates

This Condition 6.2 applies to Floating Rate Notes and Inflation Linked Interest Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and inflation linked rate interest and must be read in conjunction with this Condition 6.2 for full information on the manner in which interest is calculated on Floating Rate Notes, or, as appropriate, Inflation Linked Interest Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest (applicable to Floating Rate Notes only), the party who will calculate the amount of interest due if it is not the Principal Paying Agent or, as the case may be, the Calculation Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where, in the case of Floating Rate Notes, ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

Each Floating Rate Note and Inflation 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. In these Conditions, **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).

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 as:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2(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) 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
- (C) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (D) 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
- (E) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these 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, New Zealand dollars or Renminbi shall be Sydney, Auckland and the relevant RMB Settlement Centre(s), 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.

**RMB Settlement Centre(s)** means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms or Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong.

**(b) Rate of Interest – Floating Rate Notes**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms. It may be specified in the Final Terms that the Rate of Interest is multiplied by a factor.

(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 Condition 6.2(b)(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 the day specified in the applicable Final Terms.

For the purposes of this Condition 6.2(b)(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 (other than CMS Linked Interest 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 to Condition 6.2(j) (*Reference Rate Replacement*) below, be either:

- (A) the rate or offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates or offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London interbank offered rate (**LIBOR**) or the Euro-zone interbank offered rate (**EURIBOR**) or the Canadian Dollar offered rate (**CAD-BA-CDOR**), as specified in the applicable Final Terms) 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) or 10.00 a.m. (Toronto time, in the case of CAD-BA-CDOR) 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 rates or 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 rates or offered quotations.

If the Relevant Screen Page is not available or if no rate or offered quotation appears or, in the case of fewer than three such rates or offered quotations appears, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent with its bid rate or offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with bid rates or offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the bid rates or offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with a bid rate or offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them (a) if the Reference Rate is CAD-BA-CDOR, for Canadian Dollar bankers acceptances for a period of the applicable Interest Period in an amount representative for a single transaction in the relevant market at the relevant time accepted by those banks as of 10:00 a.m. (Toronto time), or (b) at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with bid rates or offered rates, the bid rate or offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the bid rates or offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting (a) if the Reference Rate is CAD-BA-CDOR, for Canadian Dollar bankers acceptances in an amount representative for a single transaction in the relevant market at the relevant time accepted by those banks as of 10:00 a.m. (Toronto time), or (b) to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period). Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(iii) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest 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, subject to Condition 6.2(j) (*Reference Rate Replacement*) below, the Rate of Interest for each Interest Period will be:

- (A) where "CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{CMS Rate} + \text{Margin}$$

- (B) where "Leveraged CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{CMS Rate}$$

- (C) where "Steepener CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

Either:

- (a) where "Steepener CMS Reference Rate: Unleveraged" is specified in the applicable Final Terms:

CMS Rate 1 – CMS Rate 2

or

- (b) where "Steepener CMS Reference Rate: Leveraged" is specified in the applicable Final Terms:

$$\text{Leverage} \times [(\text{Min (CMS Rate 1; Cap)} - \text{CMS Rate 2}) + \text{Margin}]$$

- (D) where "Call Spread CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{Min} [\text{Max (CMS Rate} + \text{Margin; Floor)}; \text{Cap}]$$

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

For the purposes of this Condition 6.2(b)(iii):

**CMS Rate** shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, as published on Reuters Page ICESWAP2, Euribor basis, fixed at 11:00 AM CET or the Relevant Screen Page on the relevant Determination Date, all as determined by the Calculation Agent. If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the Interest Determination Date in question. If at least three of the Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If on any Interest Determination Date less than three or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent as at the last preceding Interest Determination Date (though substituting, where a different specified Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the specified Margin relating to the relevant Interest Period in place of the specified Margin relating to that last preceding Interest Period);

**CMS Rate 1** and **CMS Rate 2** shall mean the CMS Rate with a particular Designated Maturity as specified in the relevant Final Terms;

**Cap** means a percentage per annum as specified in the relevant Final Terms;

**Floor** means a percentage per annum as specified in the relevant Final Terms;

**Leverage** means a percentage number as specified in the relevant Final Terms;

**Margin** means a percentage per annum as specified in the relevant Final Terms;

**Reference Banks** means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London interbank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, (iv) where the Reference Currency is Canadian Dollars, the principal Toronto office of four major Canadian chartered banks listed in Schedule I to the Bank Act (Canada), or (v) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Issuer or one of its affiliates;

**Relevant Swap Rate** means:

- (i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (iii) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency of if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms; and

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time.

(c) **Rate of Interest – Inflation Linked Interest Notes**

The Rate of Interest payable from time to time in respect of Inflation Linked Interest Notes, for each Interest Period, shall be determined by the Calculation Agent, or other party specified in the Final Terms, on the relevant Determination Date in accordance with the following formula:

$$\text{Rate of Interest} = [[\text{Index Factor}] * \text{YoY Inflation}] + \text{Margin}$$

subject to the Minimum Rate of Interest or the Maximum Rate of Interest if, in either case, designated as applicable in the applicable Final Terms in which case the provisions of Condition 6.2(d) shall apply as appropriate.

The Rate of Interest shall be rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

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

**Definitions**

For the purposes of the Conditions:

**Index Factor** has the meaning given to it in the applicable Final Terms, provided that if Index Factor is specified as "Not Applicable", the Index Factor shall be deemed to be equal to one;

**Inflation Index** means the relevant inflation index set out in Annex 1 to this Base Prospectus (CPI or HICP) specified in the applicable Final Terms;

**Inflation Index (t)** means the value of the Inflation Index for the Reference Month in the calendar year in which the relevant Specified Interest Payment Date falls;

**Inflation Index (t-1)** means the value of the Inflation Index for the Reference Month in the calendar year preceding the calendar year in which the relevant Specified Interest Payment Date falls;

**Margin** has the meaning given to it in the applicable Final Terms;

**Reference Month** has the meaning given to it in the applicable Final Terms; and

**YoY Inflation (t)** means in respect of the Specified Interest Payment Date falling in month (t), the value calculated in accordance with the following formula:

$$\left[ \frac{\text{InflationIndex}(t)}{\text{InflationIndex}(t-1)} - 1 \right]$$

**(d) 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 Condition 6.2(a) 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 Condition 6.2(b) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(e) Change of Interest Basis**

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 6.1 or this Condition 6.2, each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a **Switch Option**), having given notice to the Noteholders in accordance with Condition 16 (*Notices*) on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

Switch Option Expiry Date and Switch Option Effective Date shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option



having been notified to the Issuer pursuant to this Condition 6.2 and in accordance with Condition 16 (*Notices*) prior to the relevant Switch Option Expiry Date.

**(f) 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 Inflation Linked 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.

The Principal Paying Agent (in the case of Floating Rate Notes) and the Calculation Agent (in the case of Inflation Linked Interest Notes) will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Inflation Linked Interest Notes, as appropriate, for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Inflation Linked Interest Notes, as appropriate, which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Inflation Linked Interest Notes, as appropriate, in definitive form, 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 Floating Rate Note or a Inflation Linked Interest Notes, as appropriate, in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such 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.

**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:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

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:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1) + [30x(M_2 - M_1)] + (D_2 - D_1)]}{360}$$

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:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1) + [30x(M_2 - M_1)] + (D_2 - D_1)]}{360}$$

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.

**(g) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent (in the case of Floating Rate Notes) or the Calculation Agent (in the case of Inflation Linked Interest Notes) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms or Pricing Supplement if applicable) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms or Pricing Supplement if applicable), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

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

Subject to Condition 6.2(j) (*Reference Rate Replacement*), 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 (or listing agent as the case may be) on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 (*Notices*) 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 (or listing agent as the case may be) on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (*Notices*). For the purposes of this Condition 6.2(h), 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.

**(i) Certificates to be final**

All certificates, communications, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2 by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, 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 Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(j) Reference Rate Replacement**

*This Condition 6.2(j) applies only to Floating Rate Notes.*

If: (i) Reference Rate Replacement is specified in the relevant Final Terms as being applicable and the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the relevant Series of Notes:

- (i) the Issuer shall use reasonable endeavours: (A) to determine a Successor Reference Rate and an Adjustment Spread (if any); or (B) if the Issuer cannot determine a Successor Reference Rate and an Adjustment Spread (if any), appoint an Independent Adviser to determine an Alternative Reference Rate, and an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the **IA Determination Cut-off Date**), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 6.2(j) during any other future Interest Period(s));
- (ii) if the Issuer is unable to determine a Successor Reference Rate and the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the **Issuer Determination Cut-off Date**), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 6.2(j) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;
- (iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 6.2(j):
  - (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall replace the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.2(j));
  - (B) if the relevant Independent Adviser or the Issuer (as applicable):
    - (I) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.2(j)); or
    - (II) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.2(j)); and
  - (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

- (I) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) any Reference Banks (as defined in Condition 6.2(b)(iii), Additional Business Center(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Relevant Financial Centre and/or Relevant Screen Page (all as defined in the Final Terms or Pricing Supplement, as applicable) applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
- (II) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 6.2(j); and
- (iv) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 6.2(j)(iii)(C) to the Trustee, the Principal Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 17 (*Notices*).

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 6.2(j) or such other relevant changes pursuant to Condition 6.2(j)(iii)(C), including any changes to these Conditions, the Trust Deed and the Agency Agreement for the English Law Notes.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 6.2(j) prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 6.2(b).

Notwithstanding any other provision of this Condition 6.2(j): (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 6.2(j), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Notes or Non-Preferred Senior Notes, satisfying the MREL or TLAC Requirements; (B) in the case of Subordinated Notes, Tier 2 capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Notes and Non-Preferred Senior Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 6.2(j), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Competent Authority or, if applicable, the Relevant Resolution Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

For the purposes of this Condition 6.2(j):

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, in each case to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) as a result of the replacement of the Original Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which: (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable).

**Alternative Reference Rate** means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate.

**Benchmark Event** means, in respect of a Reference Rate:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or being subject to a material change; or
- (b) a public statement by the administrator of the Original Reference Rate that it will, by a specified date on or prior to the next Interest Determination Date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date on or prior to the next Interest Determination Date, be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or
- (e) a public statement by the supervisor of the administrator of the Original Reference Rate, an insolvency official with jurisdiction over the administrator of the Original Reference Rate, a resolution authority with jurisdiction over the administrator of the Original Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the Original Reference Rate, which states that the administrator of the Original Reference Rate has ceased or will, within a specified period of time, cease to provide the Original Reference Rate permanently or indefinitely, provided that, where applicable, such period of time has lapsed, and provided further that, at the time of cessation, there is no successor administrator that will continue to provide the Original Reference Rate; or
- (f) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Notes, in each case by a specific date on or prior to the next Interest Determination Date; or
- (g) it has become unlawful (including, without limitation, under the EU Benchmark Regulation (Regulation (EU) 2016/1011), as amended from time to time, if applicable) for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

**Original Reference Rate** means:

- (a) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes; or
- (b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 6.2(j) (*Reference Rate Replacement*).

**Relevant Nominating Body** means, in respect of a reference rate: (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

**Successor Reference Rate** means the rate: (i) that the Issuer determines is a successor to or replacement of the Reference Rate and (ii) that is formally recommended by any Relevant Nominating Body.

### 6.3 Inflation Linked Interest Note Provisions

Unless previously redeemed or purchased and cancelled in accordance with this Condition 6.3 or as specified in the applicable Final Terms and subject to this Condition 6.3, each Inflation Linked Interest Note will bear interest in the manner specified in the applicable Final Terms and the Conditions.

The following provisions apply to Inflation Linked Interest Notes:

**Additional Disruption Event** means any of Change of Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms;

**Change of Law** means that, on or after the Trade Date (as specified in the applicable Final Terms):

- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines in its discretion that (i) it has become illegal to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index, or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any other Hedging Party);

**Cut-Off Date** means, in respect of a Determination Date, five (5) Business Days prior to any due date for payment under the Notes for which valuation on the relevant Determination Date is relevant, unless otherwise stated in the applicable Final Terms;

**Delayed Index Level Event** means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the **Relevant Level**) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Cut-Off Date;

**Determination Date** means each date specified as such in the applicable Final Terms;

**End Date** means each date specified as such in the applicable Final Terms;

**Fallback Bond** means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the End Date specified in the applicable Final Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) above is selected by the

**Calculation Agent.** If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but notwithstanding the immediately prior sentence, selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged);

**Hedging Disruption** means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent;

**Hedging Party** means at any relevant time, the Issuer, or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Notes as the Issuer may select at such time;

**Increased Cost of Hedging** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging;

**Inflation Index** means each inflation index specified in the applicable Final Terms and related expressions shall be construed accordingly;

**Inflation Index Sponsor** means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Final Terms;

**Reference Month** means the calendar month for which the level of the Inflation Index is reported as specified in the applicable Final Terms, regardless of when this information is published or announced, except that if the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level is reported;

**Related Bond** means, in respect of an Inflation Index, the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond. If a bond is specified as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date (i) unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination and (ii) if "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond; and

**Relevant Level** has the meaning set out in the definition of "Delayed Index Level Event" above;

#### **Inflation Index Delay And Disruption Provisions**

##### **(a) Delay in Publication**



If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index with respect to the relevant Reference Month subject to such Delayed Index Level Event (the **Substitute Index Level**) shall be determined by the Calculation Agent as follows:

- (i) if "Related Bond" is specified as applicable for such Inflation Index in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond;
- (ii) if (I) "Related Bond" is not specified as applicable for such Inflation Index in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under paragraph (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

Substitute Index Level = Base Level x (Latest Level/Reference Level); or

- (iii) otherwise in accordance with any formula specified in the relevant Final Terms,

in each case as of such Determination Date,

where:

**Base Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**Latest Level** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**Reference Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to Noteholders, in accordance with Condition 16 (*Notices*) of any Substitute Index Level calculated pursuant to Condition 6.3.

If the Relevant Level (as defined above) is published or announced at any time on or after the relevant Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 6.3 will be the definitive level for that Reference Month.

**(b) Cessation of Publication**

If the Calculation Agent determines that the level for the Inflation Index has not been published or announced for two (2) consecutive months, the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index or the Inflation Index Sponsor otherwise cancels the Inflation Index, then the Calculation Agent shall determine a successor inflation index (the **Successor Inflation Index**) (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Linked Interest Notes by using the following methodology:

- (i) if at any time (other than after an early redemption or cancellation event has been designated by the Calculation Agent pursuant to Condition 6.3(b)(v)), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall

be designated a "Successor Inflation Index" notwithstanding that any other Successor Inflation Index may previously have been determined under Condition 6.3(b)(ii), 6.3(b)(iii) or 6.3(b)(iv);

- (ii) if a Successor Inflation Index has not been determined pursuant to Condition 6.3(b)(i), and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Linked Interest Notes from the date that such replacement Inflation Index comes into effect;
- (iii) if a Successor Inflation Index has not been determined pursuant to Condition 6.3(b)(i) or 6.3(b)(ii), the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this Condition 6.3(b)(iii), the Calculation Agent will proceed to Condition 6.3(b)(iv);
- (iv) if no replacement index or Successor Inflation Index has been determined under Condition 6.3(b)(i), 6.3(b)(ii) or 6.3(b)(iii) by the next occurring Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or
- (v) if the Calculation Agent determines that there is no appropriate alternative index in relation to Inflation Linked Interest Notes, on giving notice to Noteholders in accordance with Condition 16 (*Notices*), the Issuer shall redeem or cancel, as applicable all but not some only of the Inflation Linked Interest Notes, each Inflation Linked Interest Note being redeemed or cancelled, as applicable by payment of the relevant Early Redemption Amount. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16 (*Notices*).

(c) **Rebasing of the Inflation Index**

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the **Rebased Index**) will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, if "Related Bond" is specified as applicable in the applicable Final Terms, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased.

(d) **Material Modification Prior to Last Occurring Cut-Off**

If, on or prior to the last occurring Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if "Related Bond" is specified as applicable in the applicable Final Terms, consistent with adjustments made to the Related Bond, or, if "Related Bond" is not specified

as applicable in the applicable Final Terms, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

**(e) Manifest Error in Publication**

With the exception of any corrections published after the day which is three (3) Business Days prior to the relevant Maturity Date, if, within thirty (30) calendar days of publication, the Calculation Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Calculation Agent may, in its discretion, make such adjustments to the terms of the Inflation Linked Interest Notes as it determines appropriate to account for the correction and will notify the Noteholders of any such adjustments in accordance with Condition 16 (*Notices*).

**(f) Consequences of an Additional Disruption Event**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may at its option:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any terms of the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) redeem or cancel, as applicable, all but not some of the Inflation Linked Interest Notes on the date notified by the Calculation Agent to Noteholders in accordance with Condition 16 (*Notices*) by payment of the relevant Early Redemption Amount, as at the date of redemption or cancellation, as applicable, taking into account the relevant Additional Disruption Event.

**(g) Inflation Index Disclaimer**

- (i) The Notes are not sponsored, endorsed, sold or promoted by the Inflation Index or the Inflation Index Sponsor and the Inflation Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the levels at which the Inflation Index stands at any particular time on any particular date or otherwise. Neither the Inflation Index nor the Inflation Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Inflation Index and the Inflation Index Sponsor is under no obligation to advise any person of any error therein. The Inflation Index Sponsor is not making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer shall not have liability to the Noteholders for any act or failure to act by the Inflation Index Sponsor in connection with the calculation, adjustment or maintenance of the Inflation Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer nor its Affiliates has any affiliation with or control over the Inflation Index or the Inflation Index Sponsor or any control over the computation, composition or dissemination of the Inflation Index. Although the Calculation Agent will obtain information concerning the Inflation Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

## **6.4 Exempt Notes**

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than

LIBOR or EURIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Notes are Index Linked Interest Notes the provisions of Condition 6.2 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Principal Paying Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

#### *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 Pricing Supplement.

#### *Dual Currency Note*

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 Pricing Supplement.

## **7. PAYMENTS**

### **7.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with 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);
- (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; and
- (c) payments in Renminbi will be made by credit or transfer to an account denominated in Renminbi and maintained by the payee with a bank in the relevant RMB Settlement Centre(s) in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in the relevant RMB Settlement Centre(s)).

### **7.2 Payments Subject to Fiscal and Other Laws**

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

### **7.3 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 7.1 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)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below) and save as provided in Condition 7.5) 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 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) 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 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.

#### **7.4 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.

#### **7.5 Specific provisions in relation to payments in respect of certain types of Exempt Notes**

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 above only 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 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive 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.

Upon the date on which any Dual Currency Note or Index Linked Note in definitive 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.

## 7.6 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 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. 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 the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the Noteholder with a bank in the relevant RMB Settlement Centre(s), details of which appear on the Register at the close of business on the fifth business day before the due date for payment) 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 and Renminbi) 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 or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro and (in the case of a payment in Renminbi) a bank in the relevant RMB Settlement Centre(s).

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 transfer on the due date to the Designated Account of 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 fifth day (in the case of Renminbi) and at the close of the fifteenth business day (in the case of a currency other than Renminbi) (whether or not such fifth day or fifteenth day is a 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) (the **Record Date**). 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.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of 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 Principal Paying Agent 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 unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC.

None of the Issuer, 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.

## 7.7 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 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 to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 7.7, 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, adverse tax consequences to the Issuer.

## 7.8 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 10) 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):
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
  - (ii) in 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 New Zealand dollars or Renminbi, shall be Sydney, Auckland and the relevant RMB Settlement Centre(s), respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## 7.9 RMB Currency Event

If “RMB Currency Event” is specified in the applicable Final Terms or Pricing Supplement, as the case may be, and if by reason of a RMB Currency Event, as determined by the Issuer acting in good faith and in a commercially reasonable manner, the Issuer is not able to pay any amount in respect of any Note, Receipt or Coupon, the Issuer’s obligation to make a payment in RMB under the terms of the Notes shall be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Determination Date.

The Issuer shall give not less than 10 nor more than 60 days' notice (prior to the date of payment) to the Noteholders in accordance with Condition 16 (*Notices*) stating the occurrence of the RMB Currency Event, giving details thereof.

For the purpose of this Condition 7.9 and unless stated otherwise in the applicable Final Terms or Pricing Supplement, as the case may be:

**Determination Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant RMB Settlement Centre(s), London and foreign exchange markets settle payments and the principal financial centre of the country of the Relevant Currency;

**Determination Date** means the day which is two Determination Business Days before the due date of the relevant payment under the Notes;

**Governmental Authority** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant RMB Settlement Centre(s);

**Mainland China** means the People's Republic of China (excluding Hong Kong, Macau and Taiwan);

**Relevant Currency** means U.S. dollars or such other currency as may be specified in the applicable Final Terms or Pricing Supplement, as the case may be;

**Relevant Currency Valuation Time** means the time specified as such in the applicable Final Terms or Pricing Supplement, as the case may be;

**RMB Currency Events** means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

**RMB Illiquidity** means the general Renminbi exchange market in the relevant RMB Settlement Centre(s) becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay any amount in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in the relevant RMB Settlement Centre(s);

**RMB Inconvertibility** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date at the general RMB exchange market in the relevant RMB Settlement Centre(s), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**RMB Non-Transferability** means the occurrence of any event that makes it impossible for the Issuer to deliver RMB, (A) between accounts inside the relevant RMB Settlement Centre(s), (B) from an account inside the relevant RMB Settlement Centre(s) to an account outside the relevant RMB Settlement Centre(s) and outside Mainland China (including where the RMB clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s) is disrupted or suspended), (C) from an account outside the relevant RMB Settlement Centre(s) and outside Mainland China to an account inside the relevant RMB Settlement Centre(s), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

**Spot Rate** means the spot CNY/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in the relevant RMB



Settlement Centre(s) for settlement in two Determination Business Days, as determined by the Calculation Agent at or around the Relevant Valuation Time on the Determination Date by reference to the Relevant Spot Rate Screen Page. If such rate is not available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in the relevant RMB Settlement Centre(s) or elsewhere and the CNY/Relevant Currency exchange rate in the PRC domestic foreign exchange market. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all holders of the Notes.

#### **7.10 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 9;
- (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 Exempt Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.6); 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 9. Any reference in these Conditions to payment of any sums in respect of the Notes (including, in respect of Index Linked Notes and other structured Notes) shall be deemed to include, as applicable, delivery of any relevant Reference Asset (as defined in Condition 8.12) if so provided in the applicable Pricing Supplement and references to “paid” and “payable” shall be construed accordingly.

### **8. REDEMPTION AND PURCHASE**

#### **8.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer on the Maturity Date specified in the applicable Final Terms or Pricing Supplement (i) at *par* in case of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Inflation Linked Interest Notes and CMS Linked Interest Notes as indicated in the applicable Final Terms in the relevant Specified Currency or (ii) at its Final Redemption Amount, in case of Exempt Notes, which is such amount as may be specified in the applicable Pricing Supplement in the relevant Specified Currency.

#### **8.2 Redemption for tax reasons**

Subject to Condition 8.6, the Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the provisions of Condition 8.14 and, in the case of Senior Notes and Non-Preferred Senior Notes, to the provisions of Condition 8.15) in whole or in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and the Trustee and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if a Tax

Event has occurred, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer 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 8.2, the Issuer shall deliver or procure that there is delivered to the Trustee to make available at its specified office to the Noteholders a certificate signed by two authorised signatories of the Issuer 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 8.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.2. Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.6 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

A **Tax Event** means:

- (a) on the occasion of the next payment due under the Notes (in the case of Subordinated Notes, in respect of payments of interest only), the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9, as a result of any change in, or amendment to, the laws or regulations of, or applicable in, a Tax Jurisdiction (as defined in Condition 9) 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 after the date on which agreement is reached to issue the first Tranche of the Notes, provided that in the case of any redemption of Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, if and to the extent then required under the Relevant Regulations (as defined in Condition 8.5) any such change or amendment is, to the satisfaction of the relevant Competent Authority, material and was not reasonably foreseeable by the Issuer as at the date of the issue of the relevant Subordinated Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

*This Condition 8.3 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 provisions of Condition 8.14), 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 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if a Regulatory Event has occurred in respect of the Subordinated Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 8.3, the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two authorised signatories of the Issuer 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 8.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.3. Notes redeemed pursuant to this Condition 8.3 will be redeemed at their Early Redemption Amount referred to in Condition 8.6 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

As used in these Conditions:

A **Regulatory Event** is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes under the Relevant Regulations that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, from Tier 2 Capital of the UniCredit Group or the Issuer and, in the event of any redemption upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Issue Date, if and to the extent then required by the Relevant Regulations, both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in the regulatory classification of the Subordinated Notes was not reasonably foreseeable by the Issuer as at the date of the issue of the relevant Subordinated Notes.

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

This Condition 8.4 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons or for regulatory reasons), such option being referred to as an Issuer Call. The applicable Final Terms contain provisions applicable to any Issuer Call and must be read in conjunction with this Condition 8.4 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may (subject to, in the case of Subordinated Notes, the provisions of Condition 8.14 and, in the case of Senior Notes and Non-Preferred Senior Notes, Condition 8.15), having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 16 (*Notices*) (which notice 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 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 not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if a Make-whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Issuer (or an agent appointed by the Issuer at the time) equal to the higher of:

- (a) 100 per cent. of the nominal amount of the Notes to be redeemed; or
- (b) the sum of the present values of the nominal amount of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) 366) at the Reference Bond Rate (as defined below), plus the specified Redemption Margin,

plus in each case, for the avoidance of doubt, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

In the Conditions:

**FA Selected Bond** means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

**Financial Adviser** means an independent and internationally recognised financial adviser selected by the Issuer;

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Bond** shall be as set out in the applicable Final Terms or the FA Selected Bond;

**Reference Bond Price** means, with respect to the Optional Redemption Date, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Principal Paying Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**Reference Bond Rate** means, with respect to the Optional Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Optional Redemption Date;

**Reference Government Bond Dealer** means each of five banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and the Optional Redemption Date, the arithmetic average, as determined by the Principal Paying Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Principal Paying Agent by such Reference Government Bond Dealer; and

**Remaining Term Interest** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the Optional Redemption Date.

All notifications, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8.4 by the Issuer (or an agent appointed by the Issuer at the time), shall (in the absence of negligence, wilful default or fraud) be binding on the Issuer, the Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will, subject to compliance with applicable law, 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) 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 16 (*Notices*) 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 8.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) at least five days prior to the Selection Date.

## **8.5 Issuer Call Due to MREL or TLAC Disqualification Event**

This Condition 8.5 applies only to Notes specified in the applicable Final Terms as being Senior Notes or Non-Preferred Senior Notes.

If Issuer Call due to MREL or TLAC Disqualification Event is specified as being applicable in the applicable Final Terms, then any Series of Senior Notes or of Non-Preferred Senior Notes may (subject to the provisions of Condition 8.15) on or after the date specified in a notice published on the Issuer's website be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is neither a Floating Rate Note, an Index Linked Interest Note or 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 the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and the Trustee and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer determines that a MREL or TLAC Disqualification Event has occurred and is continuing.

Upon the expiry of any such notice as is referred to in this Condition 8.5, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.5. Notes redeemed pursuant to this Condition 8.5 will be redeemed at their Early Redemption Amount referred to in Condition 8.6 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

As used in these Conditions:

**Bail-in Power** means any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;

**BRRD** means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time;

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

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

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

**EC Proposals** means the amendments proposed to the CRD IV Directive, the CRD IV Regulation and BRRD published by the European Commission on 23 November 2016;

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

**Group** and **UniCredit Group** means the UniCredit Banking 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;

**Group Entity** means UniCredit or any legal person that is part of the UniCredit Group;

**MREL or TLAC Disqualification Event** means that, at any time, all or part of the aggregate outstanding nominal amount of such Series of Notes is or will be excluded fully or partially from

eligible liabilities available to meet the MREL or TLAC Requirements, provided that: (a) the exclusion of a Series of Senior Notes or of Non-Preferred Senior Notes from the MREL or TLAC Requirements due to the remaining maturity of such Notes being less than any period prescribed thereunder, does not constitute a MREL or TLAC Disqualification Event; (b) the exclusion of all or some of a Series of Senior Notes from the MREL or TLAC Requirements due to there being insufficient headroom for such Senior Notes within a prescribed exception to the otherwise applicable general requirements for eligible liabilities does not constitute a MREL or TLAC Disqualification Event; and (c) the exclusion of all or some of a Series of Senior Notes or of Non-Preferred Senior Notes from the MREL or TLAC Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer, does not constitute a MREL or TLAC Disqualification Event;

**MREL or TLAC Requirements** means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss-absorbing capacity instruments applicable to the Issuer and/or the Group, from time to time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy, a relevant Competent Authority, a Relevant Resolution Authority or the European Banking Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

**Relevant Regulations** means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time ( including, but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, CRD IV and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority);

**Relevant Resolution Authority** means the Italian resolution authority, the Single Resolution Board (SRB) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Bail-in Power from time to time;

**Resolution Power** means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation; and

**SRM Regulation** means Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time.

## 8.6 Early Redemption Amounts

For the purpose of Condition 8.2, Condition 8.3, Condition 8.5 and Condition 11, the Early Redemption Amount shall be set:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount 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:

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

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be 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 will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days 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 will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days 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 will be 365).

## 8.7 Extendible Notes

Notes may be issued with an initial maturity date (the **Initial Maturity Date**) which may be extended from time to time upon the election of the Noteholders on specified dates (each, an **Election Date**) up to a final maturity date (the **Final Maturity Date**) as set forth in the applicable Final Terms (or Pricing Supplement if applicable) (**Extendible Notes**). To make an election effective on any Election Date, the Noteholder must deliver a notice of election in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, Registrar (a **Notice of Election**), during the Notice Period for that Election Date specified in the Final Terms (or Pricing Supplement if applicable) in accordance with Condition 16 (*Notices*). Any Notice of Election so given by a Noteholder pursuant to this Condition 8.7 will be irrevocable and binding upon that Noteholder. The Final Terms (or Pricing Supplement if applicable) relating to each issue of Extendible Notes will specify the Initial Maturity Date, the Final Maturity Date, the Election Date(s) and the applicable Notice Period.

## 8.8 Specific redemption provisions applicable to certain types of Exempt Notes

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 8.2, Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

### *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

### *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 8 and the applicable Pricing Supplement.

## 8.9 Purchases

Subject to Condition 8.15 in respect of Senior Notes and Non-Preferred Senior Notes and Condition 8.14 in respect of Subordinated Notes, the Issuer or any subsidiary of the Issuer may 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.

Notwithstanding the above, subject as set out in the then applicable Relevant Regulations, Subordinated Notes may be purchased by the Issuer or any of the Issuer's subsidiaries at any time for market making purposes provided that:

- (A) the conditions set out in Article 29 of Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014, as amended and replaced from time to time, are met, in particular with respect to the prior permission of the Competent Authority and with respect to the predetermined amount, which shall not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the aggregate nominal amount of the relevant Series of the Subordinated Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the outstanding aggregate nominal amount of the Subordinated Notes; and
- (B) the Subordinated Notes are not purchased in order to be surrendered to any Paying Agent for cancellation.

## 8.10 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 Issuer or any subsidiary of the Issuer and surrendered to any Paying Agent for cancellation pursuant to Condition 8.9 (together with all unmatured Receipts, Coupons and Talons cancelled therewith) (and subject, in the case of the cancellation of Subordinated Notes purchased by the Issuer or any of the Issuer's subsidiaries, to the prior permission of the relevant Competent Authority) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## 8.11 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 8.1, 8.2, 8.3, 8.4 or 8.5 or upon its becoming due and repayable as provided in Condition 11 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 8.6(b) 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 or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

## 8.12 Index Linked Notes and other Structured Notes

The Issuer may, as indicated in the applicable Pricing Supplement, 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**).



### **8.13 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.

### **8.14 Conditions to Early Redemption and Purchase of Subordinated Notes**

Any redemption or purchase of Subordinated Notes in accordance with Condition 8.2, 8.3, 8.4 or 8.9 is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

- (a) the Issuer giving notice to the Competent Authority and/or the Relevant Resolution Authority, where required, and such Competent Authority and/or Relevant Resolution Authority, granting prior permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the Relevant Regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations); and
- (b) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Relevant Regulations for the time being.

### **8.15 Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes**

Any redemption or purchase of Senior Notes and Non-Preferred Senior Notes in accordance with Condition 8.2, 8.4, 8.5 or 8.9 is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the MREL or TLAC Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the MREL or TLAC Requirements), including:

- (a) the Issuer giving notice to the Competent Authority and/or the Relevant Resolution Authority, where required, and such Competent Authority and/or Relevant Resolution Authority, granting prior permission to redeem or purchase the relevant Senior Notes or, as appropriate, Non-Preferred Senior Notes (in each case to the extent, and in the manner, required by the relevant MREL or TLAC Requirements); and
- (b) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant MREL or TLAC Requirements for the time being.

## **9. TAXATION**

All payments of principal and interest (including any Arrear of Interest and Default Interest) in respect of the Notes, Receipts and Coupons by the Issuer 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 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, in the case of Senior Notes or Non-Preferred Senior Notes (if permitted by the MREL or TLAC Requirements), or interest only, in the case of Subordinated Notes, 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) 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 Italian Legislative Decree No. 461 of 21 November 1997 (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:
- (i) the holder of which 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) presented for payment 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) presented for payment 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 7.8); or
  - (iv) presented for payment in the Republic of Italy; or
  - (v) presented for payment (in respect of payments by the Issuer) 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
  - (vi) presented for payment (in respect of payments by the Issuer) 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
  - (vii) 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
  - (viii) 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; or
  - (ix) where such withholding or deduction is imposed on a payment pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

As used herein:

- (A) **Tax Jurisdiction** means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it 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 or the Trustee, 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 16 (*Notices*).

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 9 or under any obligation undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

## **10. 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 9) 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 10 or Condition 7.3 or any Talon which would be void pursuant to Condition 7.3.

## **11. EVENTS OF DEFAULT**

### **11.1 Events of Default relating to Senior Notes and Non-Preferred Senior Notes**

*This Condition 11.1 applies only to Notes specified in the applicable Final Terms as Senior Notes and Non-Preferred 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) give notice to the Issuer 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 the Issuer shall become subject to *Liquidazione Coatta Amministrativa* as defined in Legislative Decree No. 385 of September 1, 1993 of the Republic of Italy (as amended from time to time) (the **Event of Default**).

### **11.2 Events of Default relating to Subordinated Notes**

*This Condition 11.2 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 the Issuer 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 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.

## **12. ENFORCEMENT**

- 12.1 Subject (in the case of Senior Notes, Non-Preferred Senior Notes and Subordinated Notes) to Condition 12.2, the Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer 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 unless the Trustee, having become bound so to proceed as aforesaid, fails so to do within a reasonable time and such failure is continuing.

- 12.2 This Condition 12.2 applies only to Notes specified in the applicable Final Terms as being Senior Notes, Non-Preferred Senior Notes or Subordinated Notes .

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.

### 13. 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 any Paying Agent (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.

### 14. AGENTS

The initial Agents are set out above. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms.

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 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; and
- (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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.6. 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 16 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer 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 Noteholder, Receiptholder or Couponholder. 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 agent.

### 15. 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 any 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 10.

## **16. NOTICES**

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](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*. 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 including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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) publication 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 second day after 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.

## **17. 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 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 such adjourned 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 16 (*Notices*) as soon as practicable thereafter.

For the avoidance of doubt, any variations of the Conditions and the Trust Deed to give effect to Condition 6.2(j) (*Reference Rate Replacement*) shall not require the consent or approval of Noteholders, Receiptholders or Couponholders, subject (to the extent required) to the Issuer giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority.

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. 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. 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 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 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

In addition, (i) in the case of Senior Notes or Non-Preferred Senior Notes, if at any time a MREL or TLAC Disqualification Event occurs, (ii) in the case of Subordinated Notes, if at any time a Regulatory Event occurs or (iii) in the case of all Notes, in order to ensure the effectiveness and enforceability of Condition 22, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority and/or as appropriate the Relevant Resolution Authority (without any requirement for the consent or approval of the Holders of the relevant Notes of that Series) and having given not less than 30 nor more than 60 days' notice to the Trustee and the Holders of the Notes of that Series, at any time either substitute all (but not some only) of such Notes, or vary the terms of such Notes so that they remain or, as appropriate, become, Qualifying Senior Notes, Qualifying Non-Preferred Senior Notes or Qualifying Subordinated Notes, as applicable, provided that such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities.

In these Conditions:

**"Qualifying Non-Preferred Senior Notes"** means securities issued by the Issuer that:

- (a) other than in respect of the effectiveness and enforceability of Condition 22, have terms not materially less favourable to a Holder of the Non-Preferred Senior Notes (as reasonably determined by the Issuer) than the terms of the Non-Preferred Senior Notes, and they shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the UniCredit Group's (as applicable) minimum requirements for Own Funds and eligible liabilities under the then applicable MREL or TLAC Requirements; (B) include a ranking at least equal to that of the Non-Preferred Senior Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Non-Preferred Senior Notes; (D) have the same redemption rights as the Non-Preferred Senior Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Non-Preferred Senior Notes immediately prior to such variation or substitution; and
- (b) are listed on a recognised stock exchange if the Non-Preferred Senior Notes were listed immediately prior to such variation or substitution.

**"Qualifying Senior Notes"** means securities issued by the Issuer that:

- (a) other than in respect of the effectiveness and enforceability of Condition 22, have terms not materially less favourable to a Holder of the Senior Notes (as reasonably determined by the Issuer) than the terms of the Senior Notes, and they shall also (A) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Issuer's and/or the UniCredit Group's (as applicable) minimum requirements for Own Funds and eligible liabilities under the then applicable MREL or TLAC Requirements; (B) include a ranking at least equal to that of the Senior Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Notes; (D) have the same redemption rights as the Senior Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Senior Notes immediately prior to such variation or substitution; and
- (b) are listed on a recognised stock exchange if the Senior Notes were listed immediately prior to such variation or substitution.

**"Qualifying Subordinated Notes"** means securities issued by the Issuer that:

- (a) other than in respect of the effectiveness and enforceability of Condition 22, have terms not materially less favourable to a Holder of the Subordinated Notes (as reasonably determined by the Issuer) than the terms of the Subordinated Senior Notes, and they shall also (A) comply with the then-current requirements of the Relevant Regulations in relation to Tier 2 Capital, (B) include a ranking at least equal to that of the Subordinated Notes; (C) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes; (D) have the same redemption rights as the Subordinated Notes; and (E) are assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation or substitution; and
- (b) are listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation or substitution.

## **18. 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 any of the Issuer's other subsidiaries and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer 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.

## **19. 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 and the date from which interest starts to accrue and 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.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **20.1 Governing law**

The Trust Deed, the Agency Agreement, the Notes (except for Condition 4, Condition 5 and Condition 22), 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. Each of Condition 4, Condition 5 and Condition 22 and any non-contractual obligations arising out of or in connection with each of them shall be governed by, and construed in accordance with, Italian law.

### **20.2 Submission to jurisdiction**

The courts of England are to have exclusive jurisdiction to settle any dispute, claim, difference or controversy which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity or relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) and each party submits to the exclusive jurisdiction of the English courts.



Each party hereby irrevocably waives any objection which it may have now or hereafter to the English courts on the grounds that they are an inconvenient or inappropriate forum.

**20.3 Waiver of trial by jury**

Without prejudice to Condition 20.2, each party waives any right it may have to a jury trial of any claim or cause of action in connection with the Trust Deed, the Notes, the Receipts and the Coupons. These Conditions may be filed as a written consent to a bench trial.

**20.4 Appointment of Process Agent**

The Issuer agrees that any documents required to be served on it in relation to any proceedings before the English courts in relation to any Dispute (including any documents which start any proceedings) may be served on it by being delivered to UniCredit S.p.A., 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 S.p.A., London Branch ceasing to act or ceasing to be registered in England, the Issuer will appoint such other person as the Trustee may approve and as the Issuer 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.

**21. 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.

**22. CONTRACTUAL RECOGNITION OF STATUTORY BAIL-IN POWERS**

By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Bail-in Power by the Relevant Resolution Authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Bail-in Power. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-in Power by the Relevant Resolution Authority.

Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual exercise of the date from which the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition 22.

The exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the Notes.

## Terms and Conditions for the Italian Law Notes

*The following are the Terms and Conditions for the Notes governed by Italian law which will be attached to 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 Pricing Supplement in relation to any Tranche of Exempt 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 “Applicable Final Terms” 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.*

*Any reference in the Terms and Conditions to “applicable Final Terms” or “Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” or “Pricing Supplement” where relevant in the case of Exempt Notes.*

*For the avoidance of doubt, in these “Terms and Conditions”, references to the “Notes” shall be to the Italian Law Notes (as defined below) and references to “Receipt” and “Talons” (both as defined below) shall be to the “Receipt” and “Talons” (both as defined below) connected to the Italian Law Notes (as defined below).*

This Note is one of a Series (as defined below) of Notes governed by Italian law (**Italian Law Notes**) and issued by UniCredit S.p.A. (**UniCredit** or the **Issuer**) pursuant to the Agency Agreement for the Italian Law Notes (as defined below).

These terms and conditions for the Italian Law Notes (the **Terms and Conditions for the Italian Law Notes** or the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Agency Agreement for the Italian Law Notes (as defined below), which includes the form of the Bearer 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; and
- (c) any definitive Notes in bearer form (**Definitive Bearer Notes**) issued in exchange for a Global Note in bearer form.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of a First Amended and Restated Agency Agreement dated 5 June 2019 (such First Amended and Restated Agency Agreement, as amended and/or supplemented and/or restated from time to time, the **Agency Agreement for the Italian Law Notes**) and made between UniCredit and 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).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes) attached to or endorsed on this Note which complete these Terms and Conditions for the Italian Law Notes and, in the case of a Note which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), 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, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note or to the **applicable Pricing Supplement** (or the relevant provisions thereof) attached to or endorsed on this Note.

The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, 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. Exempt Notes in definitive form which are repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes 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) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Agency Agreement for the Italian Law Notes are available for inspection during normal business hours at the principal office for the time being of the Principal Paying Agent being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and the other Paying Agents (such Agents being together referred to as the **Agents**) and Banque Internationale à Luxembourg S.A. (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. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer 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 Agency Agreement for the Italian Law Notes and the applicable Final Terms or applicable Pricing Supplement which are applicable to them.

Words and expressions defined in the Agency Agreement for the Italian Law Notes 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 Agency Agreement for the Italian Law Notes and the applicable Final Terms, the applicable Final Terms will prevail.

## 1. FORM, DENOMINATION AND TITLE

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

Unless this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note, an Inflation Linked Interest Note, a Zero Coupon Note, a CMS Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, 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 (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 Exempt Note, this Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note and 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 be an Extendible Note, depending on the Redemption/Payment Basis shown in the applicable Final Terms (or Pricing Supplement if applicable).

This Note may also be a Senior Note, a Subordinated Note or a Non-Preferred Senior Note, 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 in accordance with the provisions of the Agency Agreement for the Italian Law Notes. The Issuer and the Paying Agents 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 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, S.A. (**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 proven error) shall be treated by the Issuer and the Paying 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 shall be treated by the Issuer and any Paying Agent 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 Euroclear and Clearstream, Luxembourg, as the case may be.

References to 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 Part B of 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. STATUS OF THE SENIOR NOTES

This Condition 2 applies only to Notes specified in the applicable Final Terms as Senior and being Senior Notes (and, for the avoidance of doubt, does not apply to Non-Preferred Senior Notes).

The Senior Notes and any relative Receipts and Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking (subject to any obligations preferred by any applicable law) *pari passu* with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including Non-Preferred Senior Notes and any further obligations permitted by law to rank junior to the Senior Notes following the Issue Date), if any) of the Issuer present and future and, in the case of the Senior Notes, *pari passu* and rateably without any preference among themselves.

Each holder of a Senior Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Senior Note.

### 3. STATUS OF THE NON-PREFERRED SENIOR NOTES

This Condition 3 applies only to Notes specified in the applicable Final Terms as Non-Preferred Senior and intended to qualify as *strumenti di debito chirografario di secondo livello* of the Issuer, as defined under Article 12-*bis* of the Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended (the **Italian Banking Act**).

Non-Preferred Senior Notes, any related Receipts and Coupons constitute direct, unconditional, unsubordinated, and unsecured and non-preferred obligations of the Issuer, ranking junior to Senior Notes and any other unsecured and unsubordinated obligations of the Issuer which rank, or are expressed to rank by their terms, senior to the Non-Preferred Senior Notes, *pari passu* without any preferences among themselves, and with all other present or future obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to the relevant Non-Preferred Senior Notes and in priority to any subordinated instruments and to the claims of shareholders of UniCredit, pursuant to Article 91, section 1-*bis*, letter c-*bis* of the Italian Banking Act, as amended from time to time.

Each holder of a Non-Preferred Senior Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Non-Preferred Senior Note.

### 4. STATUS OF THE SUBORDINATED NOTES

This Condition 4 applies only to Notes specified in the applicable Final Terms as Subordinated and intended to qualify as Tier 2 Capital.

Subordinated Notes (notes intended to qualify as Tier 2 Capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of the Bank of Italy's *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time (the **Bank of Italy Regulations**), including any successor regulations, and Article 63 of the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms) and any relative Receipts and Coupons constitute direct, unconditional, unsecured and subordinated obligations of UniCredit and rank after unsubordinated unsecured creditors (including depositors and holders of Senior Notes and Non-Preferred Senior Notes) of UniCredit and after all creditors of UniCredit holding instruments which are less subordinated than the relevant Subordinated Notes but at least *pari passu* without any preferences among themselves and with all other present and future 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.

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.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction or otherwise, in respect of such Subordinated Note.

In these Conditions:

**Competent Authority** means the Bank of Italy and/or, to the extent applicable in any relevant situation, the European Central Bank or any successor or replacement entity to either, or other authority having primary responsibility for the prudential oversight and supervision of UniCredit or the Group and/or, as the context may require, the “resolution authority” or the “competent authority” as defined under BRRD and/or SRM Regulation.

**Relevant Regulations** means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time (including but not limited to, as at the Issue Date of the relevant Series of Notes, the rules

contained in, or implementing, CRD IV and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority).

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

## 5. STATUS OF ADDITIONAL TIER 1 NOTES

This Condition 5 applies only to Additional Tier 1 Notes specified in the applicable Final Terms as Additional Tier 1 and intended to qualify as Additional Tier 1 Capital.

The Additional Tier 1 Notes will constitute direct, unsecured and subordinated obligations of the Issuer ranking:

- (i) subordinated and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer, the Issuer's obligations in respect of any dated subordinated instruments and any instruments issued as Tier 2 Capital of the Issuer or guarantee in respect of any such instruments (other than any instrument or contractual right ranking, or expressed to rank, *pari passu* with the Additional Tier 1 Notes);
- (ii) *pari passu* among themselves and with the Issuer's obligations in respect of any Additional Tier 1 Capital instruments or any other instruments or obligations which rank or are expressed to rank *pari passu* with the Additional Tier 1 Notes or, in each case, any guarantee in respect of such instruments; and
- (iii) senior to:
  - (A) the share capital of the Issuer, including, if any, its *azioni privilegiate*, ordinary shares and *azioni di risparmio*;
  - (B) (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and (ii) any securities issued by a subsidiary which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (B)(i) above) or guarantee or similar instrument (in the case of (B)(ii) above) rank or are expressed to rank *pari passu* with the claims described under paragraphs (A) and (B) above and/or otherwise junior to the Additional Tier 1 Notes.

Each holder of an Additional Tier 1 Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction or otherwise in respect of such Additional Tier 1 Note.

In these Conditions:

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

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

## 6. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Reset Notes, Floating Rate Notes, Inflation Linked Interest Notes or Zero Coupon Notes or, in the case of Exempt Notes, whether a different interest basis applies.

## 6.1 Interest on Fixed Rate Notes

This Condition 6.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 6.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), any applicable Business Day Convention, the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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. The Rate of Interest may be specified in the applicable Final Terms either (i) as the same Rate of Interest for all Interest Periods or (ii) as a different Rate of Interest in respect of one or more Interest Periods.

In respect of Notes which are denominated in Renminbi, if the Business Day Convention is specified as the Modified Following Business Day Convention in the applicable Final Terms or Pricing Supplement, as the case may be, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, 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.

If the Notes are in definitive form, except as provided in the applicable Final Terms, or if the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) shall apply in the case of Notes represented by a Global Note, 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 case of (i) Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms or (ii) Notes represented by a Global Note where the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) shall apply, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, 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.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 6.1:

- (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;
- (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;
- (c) if "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the 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 (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (d) if "Actual/Actual Canadian Compound Method" is specified in the applicable Final Terms, whenever is necessary to compute any amount of accrued interest in respect of the Notes for a period of less than one full year, other than in respect of any Fixed Coupon Amount or Broken Amount, such interest will be calculated on the basis of the Actual number of days in the period and a year of 365 days; and
- (e) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

In these 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) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant RMB Settlement Centre(s).

**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);



**RMB Settlement Centre**, means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms or Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong; 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.

## 6.2 Interest on Reset Notes

### (i) *Rate of Interest and Interest Payment Dates*

Each Reset Note bears interest:

- (a) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the Initial Rate of Interest;
- (b) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (c) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, subject to Condition 6.4 (*Reference Rate Replacement*) and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 6.1.

### (ii) *Reset Reference Rate Conversion*

This Condition 6.2(ii) is only applicable if Reset Reference Rate Conversion is specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement as being applicable.

The First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Payment Basis specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement to a basis which matches the frequency of Interest Payment Dates in respect of the relevant Notes.

For the purposes of the Conditions, with regard to the Reset Notes:

**First Margin** means the margin specified as such in the applicable Final Terms;

**First Reset Date** means the date specified in the applicable Final Terms;

**First Reset Period** means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

**First Reset Rate of Interest** means, in respect of the First Reset Period, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin, subject to Condition 6.2(ii);

**Initial Rate of Interest** has the meaning specified in the applicable Final Terms;

**Mid-Market Swap Rate** means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Reset Reference Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

**Mid-Market Swap Rate Quotation** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**Mid-Swap Floating Leg Benchmark Rate** means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

**Mid-Swap Rate** means, in relation to a Reset Determination Date and subject to Condition 6.2(iii), either:

(a) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(b) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

**Original Reset Reference Rate Payment Basis** has the meaning specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. In the case of Notes other than Exempt Notes, the Original Reset Reference Rate Payment Basis shall be annual, semi-annual, quarterly or monthly;

**Rate of Interest** means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

**Reset Date** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

**Reset Determination Date** means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

**Reset Period** means the First Reset Period or a Subsequent Reset Period, as the case may be;

**Second Reset Date** means the date specified in the applicable Final Terms;

**Subsequent Margin** means the margin specified as such in the applicable Final Terms;

**Subsequent Reset Date** means the date or dates specified in the applicable Final Terms;

**Subsequent Reset Period** means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

**Subsequent Reset Rate of Interest** means, in respect of any Subsequent Reset Period and subject to Condition 6.2(iii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin, subject to Condition 6.2(ii).

(iii) *Fallbacks*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall, subject as provided in Condition 6.4 (*Reference Rate Replacement*), request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the sum of (as applicable) the First Margin (in the case of the First Reset Rate of Interest) or the Subsequent Margin (in the case of the Subsequent Reset Rate of Interest) and the relevant Mid-Swap Rate as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

For the purposes of this Condition 6.2, **Reference Banks** means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer.

### 6.3 Interest on Floating Rate Notes and Inflation Linked Interest Notes

(a) **Interest Payment Dates**

This Condition 6.3 applies to Floating Rate Notes and Inflation Linked Interest Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and inflation linked rate interest and must be read in conjunction with this Condition 6.3 for full information on the manner in which interest is calculated on Floating Rate Notes, or, as appropriate, Inflation Linked Interest Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest (applicable to Floating Rate Notes only), the party who will calculate the amount of interest due if it is not the Principal Paying Agent or, as the case may be, the Calculation Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where, in the case of Floating Rate Notes, ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the

applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

Each Floating Rate Note and Inflation 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. In these Conditions, **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).

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 as:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.3(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) 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
- (C) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (D) 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
- (E) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these 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, New Zealand dollars or Renminbi shall be Sydney, Auckland and the relevant RMB Settlement Centre(s), 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.

**RMB Settlement Centre(s)** means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms or Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong.

**(b) Rate of Interest – Floating Rate Notes**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms. It may be specified in the Final Terms that the Rate of Interest is multiplied by a factor.

**(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 Condition 6.3(b)(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 the day specified in the applicable Final Terms.

For the purposes of this Condition 6.3(b)(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 (other than CMS Linked Interest 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 to Condition 6.4 (*Reference Rate Replacement*) below, be either:

- (A) the rate or offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates or offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London interbank offered rate (**LIBOR**) or the Euro-zone interbank offered rate (**EURIBOR**) or the Canadian Dollar offered rate (**CAD-BA-CDOR**), as specified in the applicable Final Terms) 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) or 10:00 a.m. (Toronto time, in the case of CAD-BA-CDOR) 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 rates or 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 rates or offered quotations.

If the Relevant Screen Page is not available or if no rate or offered quotation appears or, in the case of fewer than three such rates or offered quotations appears, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent with its bid rate or offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with bid rates or offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the bid rates or offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with a bid rate or offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them (a) if the Reference Rate is CAD-BA-CDOR, for Canadian Dollar bankers acceptances for a period of the applicable Interest Period in an amount representative for a single transaction in the relevant market at the relevant time accepted by those banks as of 10:00 a.m. (Toronto time), or (b) at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with bid rates or offered rates, the bid rate or offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the bid rates or offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting (a) if the Reference Rate is CAD-BA-CDOR, for Canadian Dollar bankers acceptances in an amount representative for a single transaction in the relevant market at the relevant time accepted by those banks as of 10:00 a.m. (Toronto time), or (b) to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period). Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(iii) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest 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, subject to Condition 6.4 (*Reference Rate Replacement*) below, the Rate of Interest for each Interest Period will be:

- (A) where "CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{CMS Rate} + \text{Margin}$$

- (B) where "Leveraged CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{CMS Rate}$$

- (C) where "Steeper CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

Either:

- (a) where "Steeper CMS Reference Rate: Unleveraged" is specified in the applicable Final Terms:

$$\text{CMS Rate 1} - \text{CMS Rate 2}$$

or

- (b) where "Steeper CMS Reference Rate: Leveraged" is specified in the applicable Final Terms:

$$\text{Leverage} \times [(\text{Min}(\text{CMS Rate 1; Cap} - \text{CMS Rate 2})) + \text{Margin}]$$

- (D) where "Call Spread CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{Min} [\text{Max}(\text{CMS Rate} + \text{Margin; Floor}); \text{Cap}]$$

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

For the purposes of this Condition 6.3(b)(iii):

**CMS Rate** shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, as published on Reuters Page ICESWAP2, Euribor basis, fixed at 11:00 AM CET or the Relevant Screen Page on the relevant Determination Date, all as determined by the Calculation Agent. If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the Interest Determination Date in question. If at least three of the Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If on any Interest Determination Date less than three or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent as at the last preceding Interest Determination Date (though substituting, where a different specified Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the specified Margin relating to the relevant Interest Period in place of the specified Margin relating to that last preceding Interest Period);

**CMS Rate 1** and **CMS Rate 2** shall mean the CMS Rate with a particular Designated Maturity as specified in the relevant Final Terms;

**Cap** means a percentage per annum as specified in the relevant Final Terms;

**Floor** means a percentage per annum as specified in the relevant Final Terms;

**Leverage** means a percentage number as specified in the relevant Final Terms;

**Margin** means a percentage per annum as specified in the relevant Final Terms;

**Reference Banks** means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London interbank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, (iv) where the Reference Currency is Canadian Dollars, the principal Toronto office of four major Canadian chartered banks listed in Schedule I to the Bank Act (Canada), or (v) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Issuer or one of its affiliates;

**Relevant Swap Rate** means:

- (i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (iii) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency of if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms; and

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time.

(c) **Rate of Interest – Inflation Linked Interest Notes**

The Rate of Interest payable from time to time in respect of Inflation Linked Interest Notes, for each Interest Period, shall be determined by the Calculation Agent, or other party specified in the Final Terms, on the relevant Determination Date in accordance with the following formula:

$$\text{Rate of Interest} = [[\text{Index Factor}] * \text{YoY Inflation}] + \text{Margin}$$



subject to the Minimum Rate of Interest or the Maximum Rate of Interest if, in either case, designated as applicable in the applicable Final Terms in which case the provisions of Condition 6.3(d) shall apply as appropriate.

The Rate of Interest shall be rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

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

### Definitions

For the purposes of the Conditions:

**Index Factor** has the meaning given to it in the applicable Final Terms, provided that if Index Factor is specified as "Not Applicable", the Index Factor shall be deemed to be equal to one;

**Inflation Index** means the relevant inflation index set out in Annex 1 to this Base Prospectus (CPI or HICP) specified in the applicable Final Terms;

**Inflation Index (t)** means the value of the Inflation Index for the Reference Month in the calendar year in which the relevant Specified Interest Payment Date falls;

**Inflation Index (t-1)** means the value of the Inflation Index for the Reference Month in the calendar year preceding the calendar year in which the relevant Specified Interest Payment Date falls;

**Margin** has the meaning given to it in the applicable Final Terms;

**Reference Month** has the meaning given to it in the applicable Final Terms; and

**YoY Inflation (t)** means in respect of the Specified Interest Payment Date falling in month (t), the value calculated in accordance with the following formula:

$$\left[ \frac{\text{InflationIndex}(t)}{\text{InflationIndex}(t-1)} - 1 \right]$$

### (d) 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 Condition 6.3(a) 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 Condition 6.3(b) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

### (e) Change of Interest Basis

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 6.1 or this Condition 6.3, each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a **Switch Option**), having given notice to the Noteholders in accordance with Condition 17 (*Notices*) on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating

Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

Switch Option Expiry Date and Switch Option Effective Date shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified to the Issuer pursuant to this Condition 6.3 and in accordance with Condition 17 (*Notices*) prior to the relevant Switch Option Expiry Date.

**(f) 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 Inflation Linked 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.

The Principal Paying Agent (in the case of Floating Rate Notes) and the Calculation Agent (in the case of Inflation Linked Interest Notes) will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Inflation Linked Interest Notes, as appropriate, for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Inflation Linked Interest Notes, as appropriate, which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Inflation Linked Interest Notes, as appropriate, in definitive form, 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 Floating Rate Note or a Inflation Linked Interest Notes, as appropriate, in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such 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.

**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:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1) + [30x(M_2 - M_1)] + (D_2 - D_1)]}{360}$$

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:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1) + [30x(M_2 - M_1)] + (D_2 - D_1)]}{360}$$

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:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1) + [30x(M_2 - M_1)] + (D_2 - D_1)]}{360}$$

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.

**(g) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent (in the case of Floating Rate Notes) or the Calculation Agent (in the case of Inflation Linked Interest Notes) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms or Pricing Supplement if applicable) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms or Pricing Supplement if applicable), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

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

Subject to Condition 6.4 (*Reference Rate Replacement*), 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 (or listing agent as the case may be) on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 17 (*Notices*) 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 (or listing agent as the case may be) on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 17 (*Notices*). For the purposes of this Condition 6.3(h), 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.

(i) **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 6.3 by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, 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 Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**6.4 Reference Rate Replacement**

*This Condition 6.4 applies only to Floating Rates Notes and Reset Notes.*

If: (i) Reference Rate Replacement is specified in the relevant Final Terms as being applicable and the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the relevant Series of Notes:

- (i) the Issuer shall use reasonable endeavours: (A) to determine a Successor Reference Rate and an Adjustment Spread (if any); or (B) if the Issuer cannot determine a Successor Reference Rate and an Adjustment Spread (if any), appoint an Independent Adviser to determine an Alternative Reference Rate, and an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date or Reset Determination Date, as the case may be, relating to the next Interest Period or Reset Period, as applicable (the **IA Determination Cut-off Date**), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period or Reset Period, as applicable, and for all other future Interest Periods (subject to the subsequent operation of this Condition 6.4 during any other future Interest Period(s));
- (ii) if the Issuer is unable to determine a Successor Reference Rate and the Independent Adviser is unable to determine an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine an Alternative Reference Rate and an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date or Reset Determination Date, as the case may be, relating to the next Interest Period or Reset Period, as applicable (the **Issuer Determination Cut-off Date**), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period or Reset Period, as applicable, and for all other future Interest Periods or Reset Period, as applicable (subject to the subsequent operation of this Condition 6.4 during any other future Interest Period(s) or Reset Period(s), as applicable). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;
- (iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 6.4:

- (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall replace the Original Reference Rate for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.4);
- (B) if the relevant Independent Adviser or the Issuer (as applicable):
  - (I) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.4); or
  - (II) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of, and adjustment as provided in, this Condition 6.4); and
- (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
  - (I) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) any Additional Business Center(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date or Reset Determination Date, as the case may be, Reference Banks, Relevant Financial Centre and/or Relevant Screen Page applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
  - (II) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 6.4); and

- (iv) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 6.4(iii)(C) to the Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 17 (*Notices*)).

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 6.4 or such other relevant changes pursuant to Condition 6.4(iii)(C), including for the execution of any documents or the taking of other steps by the Issuer.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 6.4 prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period or Reset Period, as applicable, shall be determined by reference to the fallback provisions of Condition 6.2(iii) or Condition 6.3(b), as applicable.

Notwithstanding any other provision of this Condition 6.4: (i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 6.4, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as: (A) in the case of Senior Notes or Non-Preferred Senior Notes, satisfying the MREL or TLAC Requirements; (B) in the case of Subordinated Notes, Tier 2 Capital for regulatory capital purposes of the Issuer and/or the Group; and (C) in the case of Additional Tier 1 Notes, Additional Tier 1 Capital for regulatory capital purposes of the Issuer and/or the Group; and/or (ii) in the case of Senior Notes and Non-Preferred Senior Notes only, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 6.4, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Competent Authority or, if applicable, the Relevant Resolution Authority treating an Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

For the purposes of this Condition 6.4:

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, in each case to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) as a result of the replacement of the Original Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which: (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable).

**Alternative Reference Rate** means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods or Reset Periods, as applicable, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate.

**Benchmark Event** means, in respect of a Reference Rate:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or being subject to a material change; or
- (b) a public statement by the administrator of the Original Reference Rate that it will, by a specified date on or prior to the next Interest Determination Date or Reset Determination Date, as the case may be, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date on or prior to the next Interest Determination Date or Reset Determination Date, as the case may be, be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or
- (e) a public statement by the supervisor of the administrator of the Original Reference Rate, an insolvency official with jurisdiction over the administrator of the Original Reference Rate, a

resolution authority with jurisdiction over the administrator of the Original Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the Original Reference Rate, which states that the administrator of the Original Reference Rate has ceased or will, within a specified period of time, cease to provide the Original Reference Rate permanently or indefinitely, provided that, where applicable, such period of time has lapsed, and provided further that, at the time of cessation, there is no successor administrator that will continue to provide the Original Reference Rate; or

- (f) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Notes, in each case by a specific date on or prior to the next Interest Determination Date or Reset Determination Date, as the case may be; or
- (g) it has become unlawful (including, without limitation, under the EU Benchmark Regulation (Regulation (EU) 2016/1011), as amended from time to time, if applicable) for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

**Original Reference Rate** means:

- (a) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes; or
- (b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 6.4 (*Reference Rate Replacement*).

**Relevant Nominating Body** means, in respect of a reference rate: (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

**Successor Reference Rate** means the rate: (i) that the Issuer determines is a successor to or replacement of the Original Reference Rate and (ii) that is formally recommended by any Relevant Nominating Body.

## 6.5 Inflation Linked Interest Note Provisions

Unless previously redeemed or purchased and cancelled in accordance with this Condition 6.5 or as specified in the applicable Final Terms and subject to this Condition 6.5, each Inflation Linked Interest Note will bear interest in the manner specified in the applicable Final Terms and the Conditions.

The following provisions apply to Inflation Linked Interest Notes:

**Additional Disruption Event** means any of Change of Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms;

**Change of Law** means that, on or after the Trade Date (as specified in the applicable Final Terms):



- (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines in its discretion that (i) it has become illegal to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index, or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any other Hedging Party);

**Cut-Off Date** means, in respect of a Determination Date, five (5) Business Days prior to any due date for payment under the Notes for which valuation on the relevant Determination Date is relevant, unless otherwise stated in the applicable Final Terms;

**Delayed Index Level Event** means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the **Relevant Level**) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Cut-Off Date;

**Determination Date** means each date specified as such in the applicable Final Terms;

**End Date** means each date specified as such in the applicable Final Terms;

**Fallback Bond** means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the End Date specified in the applicable Final Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) above is selected by the Calculation Agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but notwithstanding the immediately prior sentence, selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged);

**Hedging Disruption** means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent;

**Hedging Party** means at any relevant time, the Issuer, or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Notes as the Issuer may select at such time;

**Increased Cost of Hedging** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without

limitation, price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging;

**Inflation Index** means each inflation index specified in the applicable Final Terms and related expressions shall be construed accordingly;

**Inflation Index Sponsor** means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Final Terms;

**Reference Month** means the calendar month for which the level of the Inflation Index is reported as specified in the applicable Final Terms, regardless of when this information is published or announced, except that if the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level is reported;

**Related Bond** means, in respect of an Inflation Index, the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond. If a bond is specified as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date (i) unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination and (ii) if "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond; and

**Relevant Level** has the meaning set out in the definition of "Delayed Index Level Event" above;

#### **Inflation Index Delay And Disruption Provisions**

##### **(a) Delay in Publication**

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index with respect to the relevant Reference Month subject to such Delayed Index Level Event (the **Substitute Index Level**) shall be determined by the Calculation Agent as follows:

- (i) if "Related Bond" is specified as applicable for such Inflation Index in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond;
- (ii) if (I) "Related Bond" is not specified as applicable for such Inflation Index in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under paragraph (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

Substitute Index Level = Base Level x (Latest Level/Reference Level); or

- (iii) otherwise in accordance with any formula specified in the relevant Final Terms,

in each case as of such Determination Date,

where:

**Base Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index

Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**Latest Level** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**Reference Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to Noteholders, in accordance with Condition 17 (*Notices*) of any Substitute Index Level calculated pursuant to this Condition 6.5.

If the Relevant Level (as defined above) is published or announced at any time on or after the relevant Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 6.5 will be the definitive level for that Reference Month.

**(b) Cessation of Publication**

If the Calculation Agent determines that the level for the Inflation Index has not been published or announced for two (2) consecutive months, the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index or the Inflation Index Sponsor otherwise cancels the Inflation Index, then the Calculation Agent shall determine a successor inflation index (the **Successor Inflation Index**) (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Linked Interest Notes by using the following methodology:

- (i) if at any time (other than after an early redemption or cancellation event has been designated by the Calculation Agent pursuant to Condition 6.5(b)(v)), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall be designated a "Successor Inflation Index" notwithstanding that any other Successor Inflation Index may previously have been determined under Condition 6.5(b)(ii), 6.5(b)(iii) or 6.5(b)(iv);
- (ii) if a Successor Inflation Index has not been determined pursuant to Condition 6.5(b)(i), and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Linked Interest Notes from the date that such replacement Inflation Index comes into effect;
- (iii) if a Successor Inflation Index has not been determined pursuant to Condition 6.5(b)(i) or 6.5(b)(ii), the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this Condition 6.5(b)(iii), the Calculation Agent will proceed to Condition 6.5(b)(iv);

- (iv) if no replacement index or Successor Inflation Index has been determined under Condition 6.5(b)(i), 6.5(b)(ii) or 6.5(b)(iii) by the next occurring Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or
- (v) if the Calculation Agent determines that there is no appropriate alternative index in relation to Inflation Linked Interest Notes, on giving notice to Noteholders in accordance with Condition 17 (*Notices*), the Issuer shall redeem or cancel, as applicable all but not some only of the Inflation Linked Interest Notes, each Inflation Linked Interest Note being redeemed or cancelled, as applicable by payment of the relevant Early Redemption Amount or, in the case of Additional Tier 1 Notes, at their Prevailing Principal Amount. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 17 (*Notices*).

**(c) Rebasing of the Inflation Index**

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the **Rebased Index**) will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, if "Related Bond" is specified as applicable in the applicable Final Terms, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased.

**(d) Material Modification Prior to Last Occurring Cut-Off**

If, on or prior to the last occurring Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if "Related Bond" is specified as applicable in the applicable Final Terms, consistent with adjustments made to the Related Bond, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

**(e) Manifest Error in Publication**

With the exception of any corrections published after the day which is three (3) Business Days prior to the relevant Maturity Date, if, within thirty (30) calendar days of publication, the Calculation Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Calculation Agent may, in its discretion, make such adjustments to the terms of the Inflation Linked Interest Notes as it determines appropriate to account for the correction and will notify the Noteholders of any such adjustments in accordance with Condition 17 (*Notices*).

**(f) Consequences of an Additional Disruption Event**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may at its option:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any terms of the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) redeem or cancel, as applicable, all but not some of the Inflation Linked Interest Notes on the date notified by the Calculation Agent to Noteholders in accordance

with Condition 17 (*Notices*) by payment of the relevant Early Redemption Amount or, in the case of Additional Tier 1 Notes, at their Prevailing Principal Amount, as at the date of redemption or cancellation, as applicable, taking into account the relevant Additional Disruption Event.

**(g) Inflation Index Disclaimer**

- (i) The Notes are not sponsored, endorsed, sold or promoted by the Inflation Index or the Inflation Index Sponsor and the Inflation Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the levels at which the Inflation Index stands at any particular time on any particular date or otherwise. Neither the Inflation Index nor the Inflation Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Inflation Index and the Inflation Index Sponsor is under no obligation to advise any person of any error therein. The Inflation Index Sponsor is not making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer shall not have liability to the Noteholders for any act or failure to act by the Inflation Index Sponsor in connection with the calculation, adjustment or maintenance of the Inflation Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer nor its Affiliates has any affiliation with or control over the Inflation Index or the Inflation Index Sponsor or any control over the computation, composition or dissemination of the Inflation Index. Although the Calculation Agent will obtain information concerning the Inflation Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

**6.6 Exempt Notes**

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Notes are Index Linked Interest Notes the provisions of Condition 6.3 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Principal Paying Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

*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 Pricing Supplement.

*Dual Currency Note*

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 Pricing Supplement.

**7. INTEREST AND INTEREST CANCELLATION IN RESPECT OF ADDITIONAL TIER 1 NOTES**

*This Condition 7 applies only to Additional Tier 1 Notes. The application of Condition 6 to Additional Tier 1 Notes is subject to this Condition 7.*

**7.1 Cancellation of Interest Amounts**

The Issuer may at any time elect at its full discretion to cancel (in whole or in part) for an unlimited period and on a non-cumulative basis the Interest Amounts otherwise scheduled to be paid on an Interest Payment Date.

Without prejudice to (i) such full discretion of the Issuer to cancel the Interest Amounts and (ii) the prohibition to make payments on the Additional Tier 1 Notes pursuant to any provisions of Italian law implementing Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the then applicable Relevant Regulations, before the Maximum Distributable Amount is calculated, payment of Interest Amounts on any Interest Payment Date must be cancelled (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts:

- (a) when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year and any potential write-ups exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items; and/or
- (b) when aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the then applicable Relevant Regulations (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s)) and the amount of any write-up (if applicable), would, if paid, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the UniCredit Group to be exceeded; and/or
- (c) are required to be cancelled (in whole or in part) by an order to the Issuer from the Competent Authority.

As set out in Condition 8.1, if a Contingency Event occurs, accrued and unpaid interest to (but excluding) the Write-Down Effective Date shall be cancelled.

Notice of any cancellation of payment of a scheduled Interest Amount must be given to the Noteholders (in accordance with Condition 17 (*Notices*)) and the Principal Paying Agent as soon as possible, but not more than 60 calendar days, prior to the relevant Interest Payment Date. Such notice shall specify the amount of the relevant cancellation. Any failure by the Issuer to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose. In the absence of any notice of cancellation being given, the fact of non-payment (in whole or in part) of the relevant Interest Amount on the relevant Interest Payment Date shall be evidence of the Issuer having elected or being required to cancel such distributions payment in whole or in part, as applicable.

For the avoidance of doubt (i) the cancellation of any Interest Amounts in accordance with this Condition 7.1 or Condition 8.1 shall not constitute a default for any purpose on the part of the Issuer and (ii) interest on the Additional Tier 1 Notes is not cumulative and any Interest Amounts that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of such amounts shall be fully and irrevocably forfeited and no payments shall be made nor shall any Noteholder be entitled to any payment or indemnity in respect thereof.

As used in these Conditions **Distributable Items** means, subject as otherwise defined in the Relevant Regulations from time to time:

- (a) an amount equal to the Issuer's profits at the end of the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of Own Funds instruments (which, for the avoidance of doubt, excludes any such distributions paid or made on Tier 2 instruments or any such distributions which have already been provided for, by way of deduction, in calculating the amount of Distributable Items); less
- (b) an amount equal to any losses brought forward, profits which are non-distributable pursuant to applicable Italian law or the by-laws of the Issuer from time to time and sums placed to non-distributable reserves in accordance with applicable Italian law or the by-laws of the Issuer from time to time,

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

## **7.2 No restriction following cancellation of Interest Amounts**

In the event that the Issuer exercises its discretion not to pay interest or is prohibited from paying interest on any Interest Payment Date, it will not give rise to any contractual restriction on the Issuer making distributions or any other payments to the holders of any securities ranking *pari passu* with, or junior to, the Additional Tier 1 Notes (or, for the avoidance of doubt, Tier 2 instruments).

## **7.3 Calculation of Interest Amount**

Subject to Condition 7.1 and Condition 9, the amount of interest payable in respect of an Additional Tier 1 Note for any period shall be calculated by the Principal Paying Agent (in the case of Floating Rate Notes (other than CMS Linked Interest Notes)) or the Calculation Agent (in the case of Inflation Linked Interest Notes or CMS Linked Interest Notes) by:

- (a) applying the applicable Rate of Interest to the Prevailing Principal Amount of such Additional Tier 1 Note;
- (b) multiplying the product thereof by the Day Count Fraction; and
- (c) rounding the resulting figure to the nearest cent (half a cent. being rounded upwards).

## **7.4 Calculation of Interest Amount in case of Write-Down**

Subject to Condition 7.1, in the event that a Write-Down occurs during an Interest Period, any accrued and unpaid interest shall be cancelled pursuant to Condition 8.1(c) and the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated in accordance with Condition 6.3(f), provided that the Day Count Fraction shall be determined as if the Interest Period started on, and included, the Write-Down Effective Date.

## **7.5 Calculation of Interest Amount in case of Write-Up**

Subject to Condition 7.1, in the event that a Write-Up occurs during an Interest Period, the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated as the sum (rounding the resulting figure to the nearest cent, with half a cent being rounded upwards) of the following:

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

As used in these Conditions:

**Maximum Distributable Amount** means any applicable maximum distributable amount relating to the Issuer and/or the UniCredit Group, as the case may be, required to be calculated in accordance with the CRD IV Directive and/or any other Relevant Regulation(s) (or any provision of Italian law transposing or implementing the CRD IV Directive and/or, if relevant, any other Relevant Regulation(s));

**Maximum Write-Up Amount** has the meaning given to it in Condition 8.3;

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

**Prevailing Principal Amount** in respect of an Additional Tier 1 Note on any date, means the Initial Principal Amount of such Additional Tier 1 Note as reduced from time to time (on one or more occasions) pursuant to a Write-Down and/or reinstated from time to time (on one or more occasions) pursuant to a Write-Up in each case on or prior to such date;

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

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

**Write-Down** has the meaning given to such term in Condition 8.1;

**Write-Down Amount** has the meaning given to such term in Condition 8.1;

**Write-Down Effective Date** has the meaning given to such term in Condition 8.1;

**Write-Up** has the meaning given to such term in Conditions 8.3;

**Write-Up Notice** has the meaning given to such term in Conditions 8.3; and

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



## 8. LOSS ABSORPTION AND REINSTATEMENT OF PRINCIPAL AMOUNT

*This Condition 8 applies only to Additional Tier 1 Notes. The application of Condition 6 to Additional Tier 1 Notes is subject to this Condition 8.*

### 8.1 Loss absorption

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

- (a) immediately notify the Competent Authority of the occurrence of the relevant Contingency Event;
- (b) as soon as reasonably practicable deliver a Loss Absorption Event Notice to Noteholders (in accordance with Condition 17 (*Notices*)), the Principal Paying Agent and the Paying Agents (provided that failure or delay in delivering a Loss Absorption Event Notice shall not constitute a default for any purpose or in any way impact on the effectiveness of, or otherwise invalidate, any Write-Down);
- (c) cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and
- (d) without delay, and in any event within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant Contingency Event has occurred, reduce the then Prevailing Principal Amount of each Additional Tier 1 Note by the Write-Down Amount (such reduction being referred to as a **Write-Down** and **Written Down** being construed accordingly).

Whether a Contingency Event has occurred at any time shall be determined by the Issuer and the Competent Authority.

For the avoidance of doubt, even if the cancellation of interest pursuant to Condition 8.1(c) would cure the relevant Contingency Event, the relevant Write-Down shall occur in any event and any increase in the CET1 Ratio as a result of such cancellation shall be disregarded for the purpose of calculating the relevant Write-Down Amount in respect of such Contingency Event.

Any Write-Down of an Additional Tier 1 Note will be effected, save as may otherwise be required by the Competent Authority and subject as otherwise provided in these Conditions, *pro rata* with the Write-Down of the other Additional Tier 1 Notes and with the concurrent (or substantially concurrent) write-down (or write-off) or conversion into Ordinary Shares, as the case may be, of any Equal Loss Absorbing Instruments (based on the prevailing amount of the relevant Equal Loss Absorbing Instrument). To the extent possible, the write-down (or write-off) or conversion into Ordinary Shares of any Prior Loss Absorbing Instruments will be taken into account in the calculation of the Write Down Amount, and of the amount of write-down (or write-off) or conversion into Ordinary Shares of any Equal Loss Absorbing Instruments, required to cure the relevant Contingency Event.

A Write-Down may occur on more than one occasion and the Additional Tier 1 Notes may be Written Down on more than one occasion.

**Loss Absorption Event Notice** means a notice which specifies that a Contingency Event has occurred, the Write-Down Amount (as a percentage of the Initial Principal Amount resulting in a *pro rata*

decrease in the Prevailing Principal Amount of each Additional Tier 1 Note), including the method of calculation of the Write-Down Amount, and the date on which the Write-Down will take effect (the **Write-Down Effective Date**). Any Loss Absorption Event Notice delivered to the Principal Paying Agent must be accompanied by a certificate signed by the Authorised Signatories stating that the Contingency Event has occurred and setting out the method of calculation of the relevant Write-Down Amount. The Principal Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this provision are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

**Write-Down Amount** means the amount by which the then Prevailing Principal Amount of each outstanding Additional Tier 1 Note is to be Written Down with effect as of the Write-Down Effective Date on a *pro rata* basis pursuant to a Write-Down, being:

- (i) the amount that (together with (a) the concurrent Write-Down of the other Additional Tier 1 Notes and (b) the concurrent or substantially concurrent write-down (or write-off) or conversion to the extent possible of any Loss Absorbing Instruments) would be sufficient to cure the Contingency Event; or
- (ii) if that Write-Down (together with (a) the concurrent Write-Down of the other Additional Tier 1 Notes and (b) the concurrent or substantially concurrent write-down (or write-off) or conversion of any Loss Absorbing Instruments) would be insufficient to cure the Contingency Event, or the Contingency Event is not capable of being cured, the amount necessary to reduce the Prevailing Principal Amount to one cent.

In respect of any Write-Down, to the extent the write-down (or write-off) or conversion into Ordinary Shares of any Loss Absorbing Instrument is not, or within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant Contingency Event has occurred will not be, effective for any reason (i) the ineffectiveness of any such write-down (or write-off) or conversion into Ordinary Shares shall not prejudice the requirement to effect the Write-Down of the Additional Tier 1 Notes pursuant to this Condition 8.1; and (ii) such write-down (or write-off) or conversion into Ordinary Shares shall not be taken into account in calculating the Write Down Amount in respect of such Write-Down. For the avoidance of doubt, the write-down (or write-off) or conversion into Ordinary Shares of any Loss Absorbing Instrument will only be taken into account in the calculation of the Write-Down Amount to the extent (and in the amount, if any) that such Loss Absorbing Instrument can actually be written-down (or written-off) or converted into Ordinary Shares in the relevant circumstances within one month (or such shorter period as the Competent Authority may require) from the determination that the relevant Contingency Event has occurred.

If, in connection with a Write-Down or the calculation of a Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written-down (or written-off) or converted into Ordinary Shares in full and not in part only (**Full Loss Absorbing Instruments**) then:

- (A) the requirement that a Write-Down of the Additional Tier 1 Notes shall be effected *pro rata* with the write-down (or write-off) or conversion into Ordinary Shares, as the case may be, of any such Loss Absorbing Instruments shall not be construed as requiring the Additional Tier 1 Notes to be Written-Down in full (or in full save for the one cent floor) simply by virtue of the fact that such Full Loss Absorbing Instruments will be written-down (or written-off) or converted in full; and
- (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down (or write-off) of principal or conversion into Ordinary Shares, as the case may be, among the Additional Tier 1 Notes and such other Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted

partial write-down (or write-off) or conversion into Ordinary Shares, such that the write-down (or write-off) or conversion into Ordinary Shares of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (a) first, the principal amount of such Full Loss Absorbing Instruments shall be written-down (or written-off) or converted into Ordinary Shares *pro rata* with the Additional Tier 1 Notes and all other Loss Absorbing Instruments (in each case subject to and as provided in the preceding paragraph) to the extent necessary to cure the relevant Contingency Event; and (b) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (a) shall be written-down (or written-off) or converted into Ordinary Shares, as the case may be, with the effect of increasing the Issuer's and/or the UniCredit Group's, as the case may be, CET1 Ratio above the minimum required level under (a) above.

## 8.2 Consequences of loss absorption

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Additional Tier 1 Notes, the Issuer shall procure that:

- (a) a similar notice is, or has been, given in respect of each Loss Absorbing Instrument (in accordance with, and to the extent required by, its terms); and
- (b) the prevailing principal amount of each Loss Absorbing Instrument outstanding (other than the Additional Tier 1 Notes) (if any) is written down (or written-off) or converted, as appropriate, in accordance with its terms prior to or, as appropriate, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.

## 8.3 Reinstatement of principal amount

If both a positive Net Income and a positive Consolidated Net Income are recorded at any time while the Prevailing Principal Amount of the Additional Tier 1 Notes is less than their Initial Principal Amount, the Issuer may, at its full discretion and subject to the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive and, if relevant, in any other similar payment restriction provision(s) under the Relevant Regulations (or, if different, any provision of Italian law implementing Article 141(2) of the CRD IV Directive or, if relevant, such other provision(s))) not being exceeded thereby, increase the Prevailing Principal Amount of each Additional Tier 1 Note (a **Write-Up**) up to a maximum of the Initial Principal Amount, on a *pro rata* basis with the other Additional Tier 1 Notes and with any Written-Down Additional Tier 1 Instruments that have terms permitting a principal write-up to occur on a basis similar to that set out in this Condition 8.3 in the circumstances existing on the date of the relevant Write-Up (based on their Initial Principal Amounts), provided that the sum of:

- (i) the aggregate amount of the relevant Write-Up on all the Additional Tier 1 Notes (aggregated with the aggregate amounts of any other Write-Ups out of the same Relevant Net Income);
- (ii) the aggregate amount of any interest payments on the Additional Tier 1 Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the end of the previous financial year,
- (iii) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up; and
- (iv) the aggregate amount of any interest payments on each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is

lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Write-Up Amount.

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

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

The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a similar basis to that set out in this Condition 8.3 unless it does so on a *pro rata* basis with a Write-Up on the Additional Tier 1 Notes.

A Write-Up may be made on one or more occasions in accordance with this Condition 8.3 until the Prevailing Principal Amount of the Additional Tier 1 Notes has been reinstated to the Initial Principal Amount. No Write-Up shall be operated (i) whilst a Contingency Event has occurred and is continuing, or (ii) where any such Write-Up (together with the write-up of all other Written-Down Additional Tier 1 Instruments) would cause a Contingency Event to occur.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to this Condition 8.3 on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to this Condition 8.3.

If the Issuer decides to Write-Up the Additional Tier 1 Notes pursuant to this Condition 8.3, it shall deliver a notice (a **Write-Up Notice**) specifying the amount of any Write-Up (as a percentage of the Initial Principal Amount of an Additional Tier 1 Note resulting in a *pro rata* increase in the Prevailing Principal Amount of each Additional Tier 1 Note) and the date on which such Write-Up shall take effect shall be given to Noteholders in accordance with Condition 17 (*Notices*) and to the Principal Paying Agent. Such Write-Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write-Up becomes effective.

As used in these Conditions:

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

**Common Equity Tier 1 Capital Ratio** means, at any time, the ratio of the Common Equity Tier 1 Capital of the Issuer or the UniCredit Group, as the case may be, divided by the Risk Weighted Assets of the Issuer or the UniCredit Group (as applicable) at such time, calculated by the Issuer or the Competent Authority in accordance with the Relevant Regulations;

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

**Equal Loss Absorbing Instrument** means:

- (a) in respect of an Issuer Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer (other than the Additional Tier 1 Notes) which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion into Ordinary Shares of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the Issuer; and
- (b) in respect of a Group Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer or a Group Entity which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the UniCredit Group falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the UniCredit Group,

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

**Group Contingency Event** has the meaning given to such term in Condition 8.1;

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

**Issuer Contingency Event** has the meaning given to such term in Condition 8.1;

**Loss Absorbing Instrument** means an Equal Loss Absorbing Instrument and/or a Prior Loss Absorbing Instrument, as applicable.

**Loss Absorption Event Notice** has the meaning given to such term in Condition 8.1;

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

**Ordinary Shares** means the ordinary shares of the Issuer;

**Prior Loss Absorbing Instrument** means;

- (a) in respect of an Issuer Contingency Event, at any time, any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank

senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion into Ordinary Shares of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the Issuer; and

- (b) in respect of a Group Contingency Event, at any time: (i) any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by the Issuer or any Group Entity which contains provisions relating to a write-down (or write-off) (whether on a permanent or temporary basis) or conversion of the principal amount of such instrument (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the UniCredit Group falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations applicable to the UniCredit Group; and (ii) any instrument (irrespective of whether such instrument is included in the Tier 1 Capital or Tier 2 Capital of the Issuer or the UniCredit Group and irrespective of whether such instrument ranks or is expressed to rank senior to, *pari passu* with, or junior to the Additional Tier 1 Notes) issued directly or indirectly by any Group Entity which contains provisions relating to a write-down (or write-off) or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of that Group Entity, or of a group within the prudential consolidation of such Group Entity pursuant to Chapter 2 of Title II of Part One of the CRD IV Regulation other than the UniCredit Group, falling below the level specified in such instrument at the date on which the relevant Group Contingency Event first occurred,

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

**Relevant Net Income** means the lowest of the Net Income and the Consolidated Net Income;

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

## **9. PAYMENTS**

### **9.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with 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);
- (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; and

- (c) payments in Renminbi will be made by credit or transfer to an account denominated in Renminbi and maintained by the payee with a bank in the relevant RMB Settlement Centre(s) in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in the relevant RMB Settlement Centre(s)).

## **9.2 Payments Subject to Fiscal and Other Laws**

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, 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, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

## **9.3 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 9.1 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)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below) and save as provided in Condition 9.5) 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 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.

## **9.4 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.

#### **9.5 Specific provisions in relation to payments in respect of certain types of Exempt Notes**

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 9.1 above only 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 9.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive 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.

Upon the date on which any Dual Currency Note or Index Linked Note in definitive 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.

#### **9.6 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 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 as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 9.6, 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, adverse tax consequences to the Issuer.

#### **9.7 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):
  - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
  - (ii) in 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 New Zealand dollars or Renminbi, shall be Sydney, Auckland and the relevant RMB Settlement Centre(s), respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## 9.8 RMB Currency Event

If “RMB Currency Event” is specified in the applicable Final Terms or Pricing Supplement, as the case may be, and if by reason of a RMB Currency Event, as determined by the Issuer acting in good faith and in a commercially reasonable manner, the Issuer is not able to pay any amount in respect of any Note, Receipt or Coupon, the Issuer’s obligation to make a payment in RMB under the terms of the Notes shall be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Determination Date.

The Issuer shall give not less than 10 nor more than 60 days’ notice (prior to the date of payment) to the Noteholders in accordance with Condition 17 (*Notices*) stating the occurrence of the RMB Currency Event, giving details thereof.

For the purpose of this Condition 9 and unless stated otherwise in the applicable Final Terms or Pricing Supplement, as the case may be:

**Determination Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant RMB Settlement Centre(s), London and foreign exchange markets settle payments and the principal financial centre of the country of the Relevant Currency;

**Determination Date** means the day which is two Determination Business Days before the due date of the relevant payment under the Notes;

**Governmental Authority** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant RMB Settlement Centre(s);

**Mainland China** means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan);

**Relevant Currency** means U.S. dollars or such other currency as may be specified in the applicable Final Terms or Pricing Supplement, as the case may be;

**Relevant Currency Valuation Time** means the time specified as such in the applicable Final Terms or Pricing Supplement, as the case may be;

**RMB Currency Events** means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

**RMB Illiquidity** means the general Renminbi exchange market in the relevant RMB Settlement Centre(s) becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay any amount in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two independent

foreign exchange dealers of international repute active in the RMB exchange market in the relevant RMB Settlement Centre(s);

**RMB Inconvertibility** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date at the general RMB exchange market in the relevant RMB Settlement Centre(s), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**RMB Non-Transferability** means the occurrence of any event that makes it impossible for the Issuer to deliver RMB, (A) between accounts inside the relevant RMB Settlement Centre(s), (B) from an account inside the relevant RMB Settlement Centre(s) to an account outside the relevant RMB Settlement Centre(s) and outside Mainland China (including where the RMB clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s) is disrupted or suspended), (C) from an account outside the relevant RMB Settlement Centre(s) and outside Mainland China to an account inside the relevant RMB Settlement Centre(s), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

**Spot Rate** means the spot CNY/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in the relevant RMB Settlement Centre(s) for settlement in two Determination Business Days, as determined by the Calculation Agent at or around the Relevant Valuation Time on the Determination Date by reference to the Relevant Spot Rate Screen Page. If such rate is not available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in the relevant RMB Settlement Centre(s) or elsewhere and the CNY/Relevant Currency exchange rate in the PRC domestic foreign exchange market. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all holders of the Notes.

## 9.9 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 Exempt Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 10.7); 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 and other structured Notes) shall be deemed to include, as applicable, delivery of any relevant Reference Asset (as defined in Condition 10.13 if so provided in the applicable Pricing Supplement and references to “paid” and “payable” shall be construed accordingly.

## **10. REDEMPTION AND PURCHASE**

### **10.1 Redemption at maturity**

*This Condition 10.1 applies only to Notes specified in the applicable Final Terms as being Senior Notes, Non-Preferred Senior Notes and Subordinated Notes.*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer on the Maturity Date specified in the applicable Final Terms or Pricing Supplement (i) at *par* in case of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Inflation Linked Interest Notes and CMS Linked Interest Notes as indicated in the applicable Final Terms in the relevant Specified Currency or (ii) at its Final Redemption Amount, in case of Exempt Notes, which is such amount as may be specified in the applicable Pricing Supplement in the relevant Specified Currency.

### **10.2 No fixed redemption for the Additional Tier 1 Notes**

*This Condition 10.2 applies only to Notes specified in the applicable Final Terms as being Additional Tier 1 Notes.*

The Additional Tier 1 Notes may not be redeemed otherwise than in accordance with this Condition 10.2.

Unless previously redeemed or purchased and cancelled as provided below, the Additional Tier 1 Notes will mature on the date on which voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer, (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set in its by-laws at 31 December 2100), or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority. Upon maturity, the Additional Tier 1 Notes will become due and payable at an amount equal to their Prevailing Principal Amount, together with any accrued but unpaid interest (to the extent not cancelled in accordance with Condition 7.1) up to, but excluding the date fixed for redemption, and any additional amounts due pursuant to Condition 11.

### **10.3 Redemption for tax reasons**

Subject to Condition 10.7, the Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes and Additional Tier 1 Notes, to the provisions of Condition 10.15 and, in the case of Senior Notes and Non-Preferred Senior Notes, to the provisions of Condition 10.16) in whole or in part (to the extent permitted by the then applicable Relevant Regulations), at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 17 (*Notices*), the Noteholders (which notice shall be irrevocable), if a Tax Event has occurred provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer 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 10.3, the Issuer shall deliver or procure that there is delivered to the Principal Paying Agent to make available at its specified office to the Noteholders a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto.

Upon the expiry of any such notice as is referred to in this Condition 10.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 10.3. Notes redeemed pursuant to this Condition 10.3 will be redeemed at their Early Redemption Amount referred to in Condition 10.7 or, in the case

of Additional Tier 1 Notes, at their Prevailing Principal Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**Tax Event** means:

- (a) In the case of Additional Tier 1 Notes only, the part of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for Italian tax purposes is reduced, or the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to the laws, regulations or rulings of, or applicable in, the Republic of Italy, or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws, regulations or rulings:
  - (i) which change or amendment:
    - (A) becomes effective after the Issue Date;
    - (B) in the event of any redemption upon the occurrence of a Tax Event prior to the fifth anniversary of the Issue Date, if and to the extent required by the then applicable Relevant Regulations, the Issuer demonstrates to the satisfaction of the Competent Authority is material and was not reasonably foreseeable by the Issuer as at the Issue Date;
    - (C) is evidenced by the delivery by the Issuer to the Principal Paying Agent of a certificate signed by two Authorised Signatories of the Issuer stating that interest payable by the Issuer in respect of the Additional Tier 1 Notes is no longer, or will no longer be, deductible for Italian income tax purposes or such deductibility is materially reduced, or that the Issuer has or will become obliged to pay such additional amounts, as the case may be, and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail; and
  - (ii) which obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- (b) in the case of any Note other than Additional Tier 1 Notes (i) on the occasion of the next payment due under the Notes (in the case of Subordinated Notes, in respect of payments of interest only), the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11, in each case as a result of any change in, or amendment to, the laws or regulations of, or applicable in, 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 after the date on which agreement is reached to issue the first Tranche of the Notes, provided that in the case of any redemption of Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, if and to the extent then required under the then applicable Relevant Regulations, any such change or amendment is, to the satisfaction of the relevant Competent Authority, material and was not reasonably foreseeable by the Issuer as at the date of the issue of the relevant Subordinated Notes; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

The Principal Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 10.3 are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

#### 10.4 Redemption for regulatory reasons (Regulatory Call)

*This Condition 10.4 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes and Additional Tier 1 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 provisions of Condition 10.15), 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, in accordance with Condition 17 (*Notices*), the Noteholders (which notice shall be irrevocable), if (a) a Regulatory Event occurs in respect of the Subordinated Notes, or (b) a Capital Event occurs in respect of the Additional Tier 1 Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 10.4, the Issuer shall deliver or procure that there is delivered to the Principal Paying Agent a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto.

The Principal Paying Agent is not responsible, nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by this Condition 10.4 are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications are inaccurate or incorrect.

Upon the expiry of any such notice as is referred to in this Condition 10.4, the Issuer shall be bound to redeem the Notes in accordance with this Condition 10.4. Notes redeemed pursuant to this Condition 10.4 will be redeemed at their Early Redemption Amount referred to in Condition 10.7, or in the case of the Additional Tier 1, at their Prevailing Principal Amount, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

As used in this Conditions:

A **Capital Event** is deemed to have occurred if there is a change in the regulatory classification of the Additional Tier 1 Notes under the Relevant Regulations that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, from Additional Tier 1 Capital of the UniCredit Group or the Issuer (other than as of a consequence of write-down or conversion, where applicable) and, in the event of any redemption upon the occurrence of a Capital Event prior to the fifth anniversary of the Issue Date, if and to the extent then required by the Relevant Regulations, both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain; and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in regulatory classification of the Additional Tier 1 Notes was not reasonably foreseeable as at the Issue Date of the relevant Additional Tier 1 Notes; and

A **Regulatory Event** is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes under the Relevant Regulations that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, from Tier 2 Capital of the UniCredit Group or the Issuer and, in the event of any redemption upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Issue Date, if and to the extent then required by the Relevant Regulations, both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in the regulatory classification of the Subordinated Notes was not reasonably foreseeable by the Issuer as at the date of the issue of the relevant Subordinated Notes.

## 10.5 Redemption at the option of the Issuer (Issuer Call)

This Condition 10.5 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons or for regulatory reasons), such option being referred to as an Issuer Call. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 10.5 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may (subject to, in the case of Subordinated Notes, the provisions of Condition 10.15 and, in the case of Senior Notes and Non-Preferred Senior Notes, Condition 10.16), having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 17 (*Notices*) (which notice 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 the applicable Final Terms or, in the case of the Additional Tier 1, at their Prevailing Principal Amount, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if a Make-whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Issuer (or an agent appointed by the Issuer at the time) equal to the higher of:

- (a) 100 per cent. of the nominal amount of the Notes to be redeemed; or
- (b) the sum of the present values of the nominal amount of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) 366) at the Reference Bond Rate (as defined below), plus the specified Redemption Margin,

plus in each case, for the avoidance of doubt, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

In the Conditions:

**FA Selected Bond** means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

**Financial Adviser** means an independent and internationally recognised financial adviser selected by the Issuer;

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Bond** shall be as set out in the applicable Final Terms or the FA Selected Bond;

**Reference Bond Price** means, with respect to the Optional Redemption Date, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Principal Paying Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**Reference Bond Rate** means, with respect to the Optional Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Optional Redemption Date;

**Reference Government Bond Dealer** means each of five banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and the Optional Redemption Date, the arithmetic average, as determined by the Principal Paying Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Principal Paying Agent by such Reference Government Bond Dealer; and

**Remaining Term Interest** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the Optional Redemption Date.

All notifications, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 10.5 by the Issuer (or an agent appointed by the Issuer at the time), shall (in the absence of negligence, wilful default or fraud) be binding on the Issuer, Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will, subject to compliance with applicable law, 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) 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 17 (*Notices*) 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 10.5 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 17 (*Notices*) at least five days prior to the Selection Date.

## **10.6 Issuer Call Due to MREL or TLAC Disqualification Event**

This Condition 10.6 applies only to Notes specified in the applicable Final Terms as being Senior Notes or Non-Preferred Senior Notes.

If Issuer Call due to MREL or TLAC Disqualification Event is specified as being applicable in the applicable Final Terms, then any Series of Senior Notes or of Non-Preferred Senior Notes may (subject to the provisions of Condition 10.16) on or after the date specified in a notice published on the Issuer's website be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is neither a Floating Rate Note, an Index Linked Interest Note or 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 the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 17 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer determines that a MREL or TLAC Disqualification Event has occurred and is continuing.

Upon the expiry of any such notice as is referred to in this Condition 10.6, the Issuer shall be bound to redeem the Notes in accordance with this Condition 10.6. Notes redeemed pursuant to this Condition 10.6 will be redeemed at their Early Redemption Amount referred to in Condition 10.7 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

As used in these Conditions:

**Bail-in Power** means any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements, whether relating to the resolution or independent of any resolution action, of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;

**BRRD** means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time;

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

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

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

**EC Proposals** means the amendments proposed to the CRD IV Directive, the CRD IV Regulation and BRRD published by the European Commission on 23 November 2016;

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

**Group** and **UniCredit Group** means the UniCredit Banking 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;

**Group Entity** means UniCredit or any legal person that is part of the UniCredit Group;

**MREL** or **TLAC Disqualification Event** means that, at any time, all or part of the aggregate outstanding nominal amount of such Series of Notes is or will be excluded fully or partially from eligible liabilities available to meet the MREL or TLAC Requirements, provided that: (a) the exclusion of a Series of Senior Notes or of Non-Preferred Senior Notes from the MREL or TLAC Requirements due to the remaining maturity of such Notes being less than any period prescribed thereunder, does not constitute a MREL or TLAC Disqualification Event; (b) the exclusion of all or some of a Series of Senior Notes from the MREL or TLAC Requirements due to there being insufficient headroom for such Senior Notes within a prescribed exception to the otherwise applicable general requirements for eligible liabilities does not constitute a MREL or TLAC Disqualification Event; and (c) the exclusion of all or some of a Series of Senior Notes or of Non-Preferred Senior Notes from the MREL or TLAC Requirements as a result of such Notes being purchased by or on behalf of the Issuer or as a result of a purchase which is funded directly or indirectly by the Issuer, does not constitute a MREL or TLAC Disqualification Event;



**MREL or TLAC Requirements** means the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss-absorbing capacity instruments applicable to the Issuer and/or the Group, from time to time, including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for Own Funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Republic of Italy, a relevant Competent Authority, a Relevant Resolution Authority or the European Banking Authority from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer and/or the Group), as any of the preceding laws, regulations, requirements, guidelines, rules, standards, policies or interpretations may be amended, supplemented, superseded or replaced from time to time;

**Relevant Regulations** means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer and/or the Group from time to time (including, but not limited to, as at the Issue Date of the relevant Series of Notes, the rules contained in, or implementing, CRD IV and the BRRD, delegated or implementing acts adopted by the European Commission and guidelines issued by the European Banking Authority);

**Relevant Resolution Authority** means the Italian resolution authority, the Single Resolution Board (SRB) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Bail-in Power from time to time;

**Resolution Power** means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation; and

**SRM Regulation** means Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time.

## 10.7 Early Redemption Amounts

For the purpose of Condition 10.3, Condition 10.4, Condition 10.6 and Condition 13, the Early Redemption Amount shall be set:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount 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:

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

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be 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 will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days 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 will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days 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 will be 365).

## 10.8 Extendible Notes

Notes may be issued with an initial maturity date (the **Initial Maturity Date**) which may be extended from time to time upon the election of the Noteholders on specified dates (each, an **Election Date**) up to a final maturity date (the **Final Maturity Date**) as set forth in the applicable Final Terms (or Pricing Supplement if applicable) (**Extendible Notes**). To make an election effective on any Election Date, the Noteholder must deliver a notice of election in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Notice of Election**), during the Notice Period for that Election Date specified in the Final Terms (or Pricing Supplement if applicable) in accordance with Condition 17 (*Notices*). Any Notice of Election so given by a Noteholder pursuant to this Condition 10.8 will be irrevocable and binding upon that Noteholder. The Final Terms (or Pricing Supplement if applicable) relating to each issue of Extendible Notes will specify the Initial Maturity Date, the Final Maturity Date, the Election Date(s) and the applicable Notice Period.

## 10.9 Specific redemption provisions applicable to certain types of Exempt Notes

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 10.2, Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

### *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

### *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 10 and the applicable Pricing Supplement.

## 10.10 Purchases

Subject to Condition 10.16 in respect of Senior Notes and Non-Preferred Senior Notes and Condition 10.15 in respect of Subordinated Notes and Additional Tier 1 Notes, the Issuer or any subsidiary of the Issuer may 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.

Notwithstanding the above, subject to compliance with the then applicable Relevant Regulations, Subordinated Notes and/or Additional Tier 1 Notes may be purchased by the Issuer or any of the Issuer's subsidiaries at any time for market making purposes provided that:

- (A) the conditions set out in Article 29 of Commission Delegated Regulation (EU) No. 241/2014 of 7 January 2014, as amended and replaced from time to time, are met, in particular with respect to the prior permission of the Competent Authority and with respect to the predetermined amount, which shall not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the aggregate nominal amount of the relevant Series of the Subordinated Notes or Additional Tier 1 Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the outstanding aggregate nominal amount of the Subordinated Notes or Additional Tier 1 Notes; and
- (B) the Subordinated Notes or Additional Tier 1 Notes are not purchased in order to be surrendered to any Paying Agent for cancellation.

#### **10.11 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 Issuer or any subsidiary of the Issuer and surrendered to any Paying Agent for cancellation pursuant to Condition 10.10 (together with all unmatured Receipts, Coupons and Talons cancelled therewith) (and subject, in the case of the cancellation of Subordinated Notes and Additional Tier 1 Notes purchased by the Issuer or any of the Issuer's subsidiaries, to the prior permission of the relevant Competent Authority) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

#### **10.12 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 10.1, 10.3, 10.4, 10.5 or 10.6 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 10.7(b) 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 and notice to that effect has been given to the Noteholders in accordance with Condition 17 (*Notices*).

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

The Issuer may, as indicated in the applicable Pricing Supplement, 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**).

#### **10.14 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.

#### **10.15 Conditions to Early Redemption and Purchase of Subordinated Notes and Additional Tier 1 Notes**

Any redemption or purchase of Subordinated Notes or Additional Tier 1 Notes in accordance with Conditions 10.2, 10.3, 10.4, 10.5 or 10.10 is subject to compliance with the then applicable Relevant Regulations, including for the avoidance of doubt:

- (a) the Issuer giving notice to the relevant Competent Authority and such Competent Authority granting prior permission to redeem or purchase the relevant Subordinated Notes or Additional Tier 1 Notes (in each case to the extent, and in the manner, required by the Relevant Regulations, including Articles 77(b) and 78 of the CRD IV Regulation or, if different, the then applicable Relevant Regulations); and
- (b) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Relevant Regulations for the time being.

If the Issuer has elected to redeem the Additional Tier 1 Notes pursuant to Condition 10.3, 10.4 or 10.5, and prior to the relevant redemption date a Contingency Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, the Prevailing Principal Amount of the Additional Tier 1 Notes will not be due and payable and a Write-Down shall occur as described under Condition 8 (*Loss Absorption and Reinstatement of Principal Amount*).

#### **10.16 Conditions to Redemption and Purchase of Senior Notes and Non-Preferred Senior Notes**

Any redemption or purchase of Senior Notes and Non-Preferred Senior Notes in accordance with Condition 10.2, 10.5, 10.6 or 10.10 is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the MREL or TLAC Requirements at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes or Non-Preferred Senior Notes at such time as eligible liabilities available to meet the then applicable MREL or TLAC Requirements), including:

- (a) the Issuer giving notice to the Competent Authority and/or the Relevant Resolution Authority, where required, and such Competent Authority and/or Relevant Resolution Authority, granting prior permission to redeem or purchase the relevant Senior Notes or, as appropriate, Non-Preferred Senior Notes (in each case to the extent, and in the manner, required by the then applicable MREL or TLAC Requirements); and
- (b) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the then applicable MREL or TLAC Requirements.

### **11. TAXATION**

All payments of principal and interest (including any Arrear of Interest and Default Interest) in respect of the Notes, Receipts and Coupons by the Issuer 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 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, in the case of Senior Notes or Non-Preferred Senior Notes (if permitted by the MREL or TLAC Requirements), or interest only, in the case of Subordinated Notes, 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 Issuer) 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 Italian Legislative Decree No. 461 of 21 November 1997 (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:
- (i) the holder of which 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) presented for payment 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) presented for payment 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 9.7; or
  - (iv) presented for payment in the Republic of Italy; or
  - (v) presented for payment (in respect of payments by the Issuer) 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
  - (vi) presented for payment (in respect of payments by the Issuer) 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
  - (vii) 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
  - (viii) 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; or
  - (ix) where such withholding or deduction is imposed on a payment pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

As used herein:

- (A) **Tax Jurisdiction** means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it 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, 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 17 (*Notices*).

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 Agency Agreement for the Italian Law Notes.

## **12. PRESCRIPTION**

The Notes, 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 12 or Condition 9.3 or any Talon which would be void pursuant to Condition 9.3.

## **13. EVENTS OF DEFAULT**

### **13.1 Events of Default relating to Senior Notes and Non-Preferred Senior Notes**

*This Condition 13.1 applies only to Notes specified in the applicable Final Terms as Senior Notes and Non-Preferred Senior Notes.*

With respect to any Senior Note or Non-Preferred Senior Notes, if the Issuer shall become subject to *Liquidazione Coatta Amministrativa* as defined in Legislative Decree No. 385 of September 1, 1993 of the Republic of Italy, as amended from time to time (the **Event of Default**), then any holder of a Senior Note or Non-Preferred Senior Notes may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Senior Notes or Non-Preferred Senior Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

### **13.2 Events of Default relating to Subordinated Notes and Additional Tier 1 Notes**

*This Condition 13.2 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes and Additional Tier 1 Notes.*

With respect to any Subordinated Note and Additional Tier 1 Note, if the Issuer 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, then any holder of a Subordinated Note or Additional Tier 1 Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Subordinated Notes or Additional Tier 1 Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable as its Early Redemption Amount or, in the case of Additional Tier 1 Notes, at their Prevailing Principal Amount, together with accrued interest (in the case of Additional Tier 1 Notes, to the extent that such interest is not cancelled in accordance with these Conditions) (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## **14. 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 any Paying Agent 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.

## 15. AGENTS

The initial Agents are set out above. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled 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 is incorporated; and
- (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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 9.6. Except as provided in the Agency Agreement for the Italian Law Notes, 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 Noteholders in accordance with Condition 17 (*Notices*).

In acting under the Agency Agreement for the Italian Law Notes, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement for the Italian Law Notes 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 agent.

## 16. 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 any 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.

## 17. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (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) 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*. 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 Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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.

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, be substituted for publication as provided above, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg 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) publication 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 second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

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. 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 through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## 18. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Agency Agreement for the Italian Law Notes 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 for the Italian Law Notes. Such a meeting may be convened by the Issuer 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 Agency Agreement for the Italian Law Notes (including (i) modifying the date of maturity of the Notes or any date for payment of interest thereon, (ii) reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes (in case of Additional Tier 1 Notes, except as provided by the Conditions), or (iii) 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. Such modifications may only be made to the extent that the Issuer has obtained the prior written approval of the Competent Authority (if so required by the Relevant Regulations).

The rights and powers of the Noteholders may only be exercised in accordance with the relevant provisions for meeting of Noteholders attached to the Agency Agreement for the Italian Law Notes (the **Provisions for Meeting of Noteholders**) which are deemed to form part of these Conditions. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, *inter alia*, the terms of the Provisions for Meeting of Noteholders.

The Principal Paying Agent and the Issuer 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 Agency Agreement for the Italian Law Notes or any waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes or the Agency Agreement for the Italian Law Notes, 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 Issuer, 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 Agency Agreement for the Italian Law Notes 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 be notified to the Noteholders in accordance with Condition 17 (*Notices*) as soon as practicable thereafter.

For the avoidance of doubt, any variations of the Conditions and the Agency Agreement to give effect to the Benchmark Amendments in accordance with Condition 6.4 (*Reference Rate Replacement*) shall not require the consent or approval of Noteholders, Receiptholders or Couponholders, subject (to the extent required) to the Issuer giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority.

## **19. 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 and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **20.1 Governing law**

The Agency Agreement for the Italian Law Notes, the Terms and Conditions for the Italian Law Notes and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, Italian law.

### **20.2 Submission to jurisdiction**

The Issuer agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of Milan 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 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.

Each party 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 courts of Milan with regard to the Notes, the Receipts and the Coupons shall be conclusive and binding upon each party 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 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.

### **20.3 Waiver of trial by jury**

Without prejudice to Condition 20.2, each party waives any right it may have to a jury trial of any claim or cause of action in connection with the Agency Agreement for the Italian Law Notes, the Notes, the Receipts and the Coupons. These Conditions may be filed as a written consent to a bench trial.

### **20.4 Non-exclusivity**

The submission to the jurisdiction of the courts of Milan 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.

**21. CONTRACTUAL RECOGNITION OF STATUTORY BAIL-IN POWERS**

By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Bail-in Power by the Relevant Resolution Authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Bail-in Power. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Bail-in Power by the Relevant Resolution Authority.

For the avoidance of doubt, the potential write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Additional Tier 1 Notes or the conversion of the Additional Tier 1 Notes into Ordinary Shares or other obligations in connection with the exercise of any Bail-in Power by the Competent Authority is separate and distinct from a Write-Down following a Contingency Event although these events may occur consecutively.

Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual exercise of the date from which the Bail-in Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition 21.

The exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Notes shall not constitute an Event of Default and the terms and conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the Notes.

## Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If in respect of any particular issue, there is a particular identified use of proceeds, other than making a profit and/or hedging certain risks, this will be stated in the applicable Final Terms or in the applicable Pricing Supplement.

## Description of UniCredit and the UniCredit Group

UniCredit S.p.A. (**UniCredit**), established in Genoa, Italy by way of a private deed dated 28 April 1870 with a duration until 31 December 2100, is incorporated as a joint-stock company under Italian law, with its registered, head office and principal centre of business, effective as of 12 December 2017, at Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy, and registered with the Company Register of Milano-Monza-Brianza-Lodi under registration number, fiscal code and VAT number 00348170101. UniCredit's telephone number is +39 02 88 621. UniCredit is registered with the National Register of Banks and is the parent company of the UniCredit Group. Stamp duty is paid virtually, if due, to Auth. Agenzia delle Entrate, Ufficio di Roma 1, No. 143106/07 of 21 December 2007. The fully subscribed and paid-up share capital of UniCredit as at 9 May, 2019 amounted to €20,994,799,961.81.

The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Legislative Decree No. 385 of 1 September 1993 as amended (the **Italian Banking Act**) under number 02008.1 (the **Group** or the **UniCredit Group**) is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering services through its unique Western, Central and Eastern European network, with 3,783 branches<sup>39</sup> and 86,232 full time equivalent employees (FTEs)<sup>40</sup>, to its extensive client franchise. UniCredit offers its clients both local and international expertise by providing unparalleled access to market leading products and services in its 14 core markets through its European banking network: Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey. Leveraging on an international network of representative offices and branches, UniCredit serves clients in another 18 countries worldwide.

### HISTORY

#### Formation of the Group

UniCredit (formerly Unicredito Italiano S.p.A.) and the UniCredit Group of which UniCredit is the parent are the result of the October 1998 business combination between the Credito Italiano national commercial banking group (established in 1870 with the name *Banca di Genova*) and Unicredito S.p.A. (at the time the holding company owning a controlling interest in Banca CRT (*Banca Cassa di Risparmio di Torino S.p.A.*), CRV (*Cassa di Risparmio di Verona Vicenza Belluno e Ancona Banca S.p.A.*) and Cassamarca (*Cassa di Risparmio della Marca Trivigiana S.p.A.*).

Since its formation, the Group has grown in Italy and Eastern Europe through both organic growth and acquisitions, consolidating its role in relevant sectors outside Europe (asset management in the United States) and strengthening its international network.

Such expansion has been characterised, in particular:

- by the business combination with HypoVereinsbank, realised through a public tender offer launched in summer 2005 by UniCredit to acquire the control over Bayerische Hypo- und Vereinsbank AG (**HVB**) – subsequently renamed UniCredit Bank AG – and its subsidiaries, such as Bank Austria Creditanstalt AG, subsequently renamed “UniCredit Bank Austria AG” (**BA** or **Bank Austria**). At the conclusion of the offer perfected during 2005, UniCredit acquired a shareholding for an amount equal to 93.93 per cent. of the registered share capital and voting rights of HVB. On 15 September 2008, the squeeze-out of HVB's minority shareholders, resolved upon by the bank's shareholders' meeting in June 2007, was registered with the Commercial Register of Munich. Therefore, the HVB shares held by the minority shareholders – equal to 4.55 per cent. of the share capital of the company – were transferred to UniCredit by operation of law and HVB became a UniCredit wholly-owned subsidiary. In summer 2005 UniCredit also conducted an exchange offer for the acquisition of all shares of BA not held by HVB at the time. At the conclusion of the offer, the Group held 94.98 per cent. of the aggregate share capital of BA. In January 2007, UniCredit, which at the time held 96.35 per cent. of the aggregate share capital of BA, including a stake equal to 77.53 per cent. transferred to UniCredit by HVB, resolved to

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<sup>39</sup> Capital Market Day perimeter, retail branches only; excluding Turkey. Data as of 31 March 2019.

<sup>40</sup> Group FTE (full time equivalent), excluding Group Koç/YapiKredi (Turkey). Data as of 31 March 2019.

commence the procedures to effect the squeeze-out of the minority shareholders of BA. As at the date of this Prospectus, UniCredit's interest in BA is equal to 99.996 per cent.; and

- by the business combination with Capitalia S.p.A. (**Capitalia**), the holding company of the Capitalia banking group (the **Capitalia Group**), realised through a merger by way of incorporation of Capitalia into UniCredit effective as of 1 October 2007.

In 2008 the squeeze outs<sup>41</sup> of the ordinary BA and HVB shares held by minority shareholders were completed.

Proceedings as to the adequacy of the squeeze-out price and in relation to the challenge to the relevant shareholders' resolutions promoted by certain BA and HVB shareholders are still pending. For more details please refer to the audited consolidated financial statements of UniCredit as at and for the year ended 31 December 2018 incorporated by reference herein.

UniCredit S.p.A. ordinary shares are listed on the Milan Stock Exchange organised and managed by Borsa Italiana S.p.A., on the Frankfurt Stock Exchange, segment General Standard, and on the Warsaw Stock Exchange.

### THE CURRENT ORGANISATIONAL MODEL

UniCredit is the parent company of the UniCredit Group and, in addition to banking activities, it carries out organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.

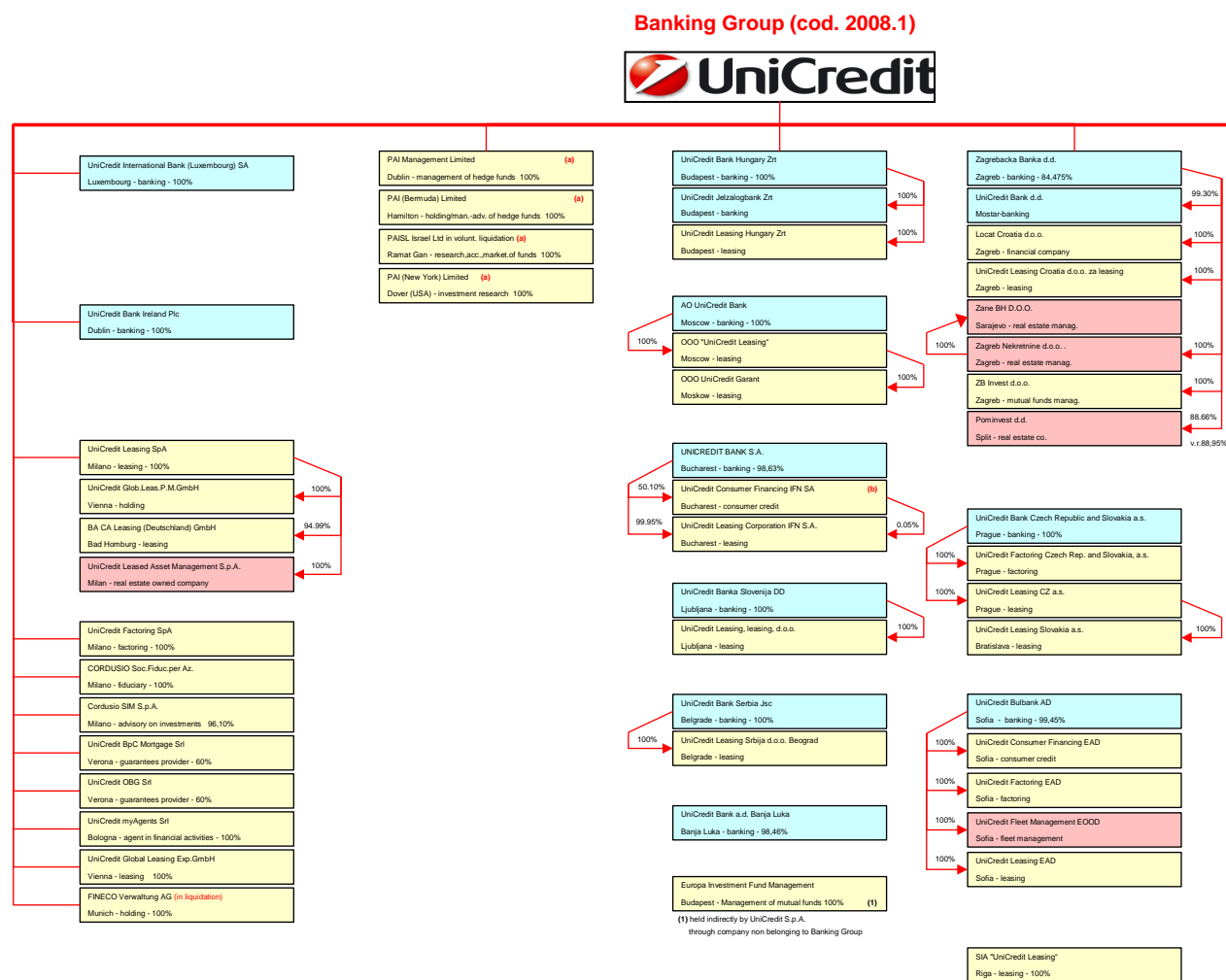
UniCredit, as a bank which undertakes management and co-ordination activities for the UniCredit Group, pursuant to Article 61 of the Italian Banking Act issues, when exercising the management and co-ordination activities, instructions to the other members of the banking group in respect of the fulfilment of the requirements laid down by the supervisory authorities in the interest of the banking group's stability.

The following diagram illustrates the banking group companies as at 24 May 2019:

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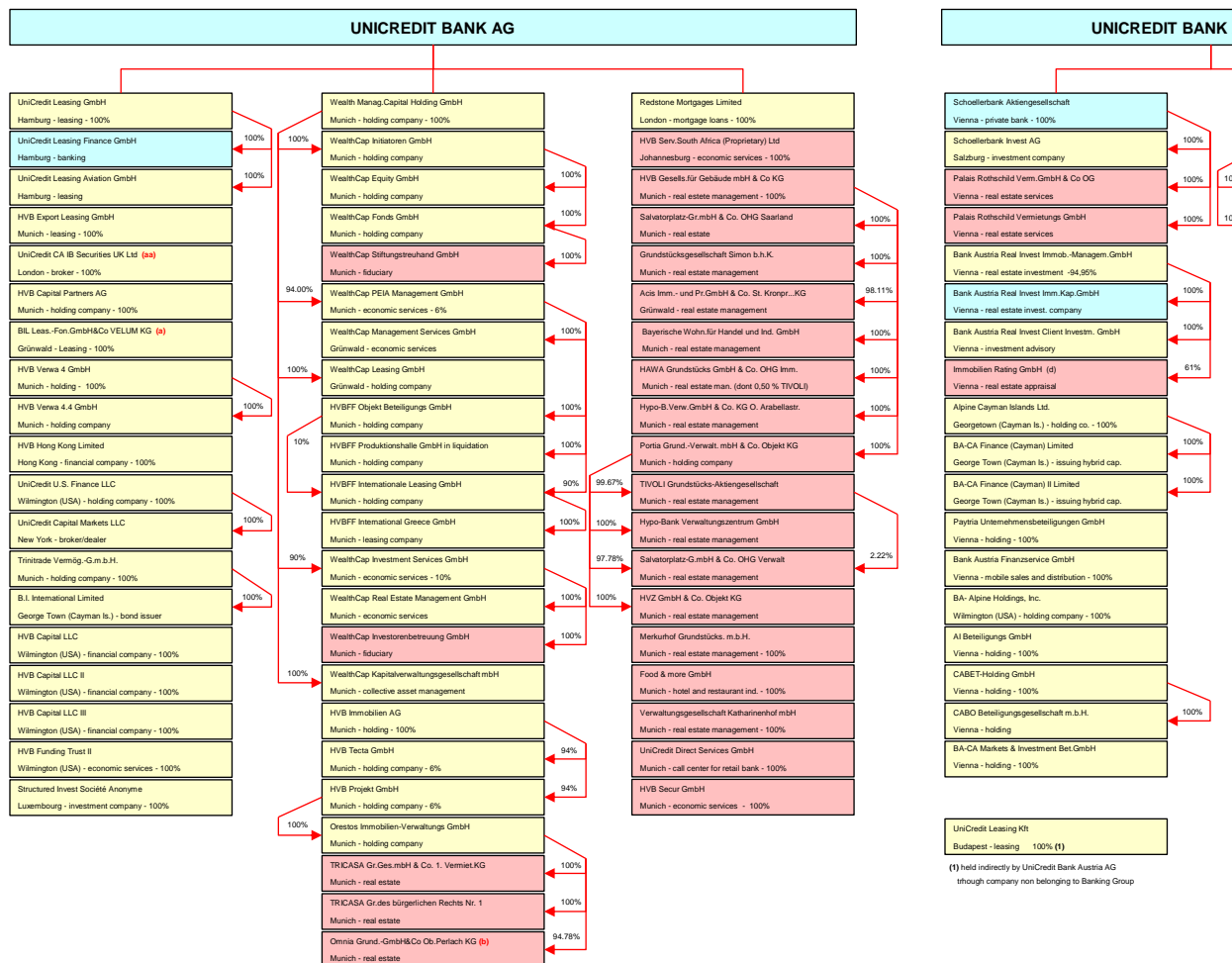
<sup>41</sup> The squeeze-out is the process whereby a pool of shareholders owning at a certain amount of a listed company's shares (in Germany 95 per cent. and in Austria 90 per cent.) exercises its right to "squeeze out" the remaining minority of shareholders from the company paying them an adequate compensation.

## Description of UniCredit and the UniCredit Group



## Description of UniCredit and the UniCredit Group

### Annex A



(a) voting rights held by UCB AG (33.33%) and by BIL Leasing-Fonds Verwaltungs GmbH (33.33%) (b) 5.22% held by WealthCap Leasing GmbH (c) % considering shares held by other Companies controlled by BA (d) 19% held by BA and 19% held by UniCredit Leasing (Austria) GmbH (aa) under liquidation process (z) Requested to Bank of Italy the inclusion in the Banking Group

## STRATEGY OF THE GROUP

As the parent company of the Group, pursuant to the provisions of Article 61 of the Italian Banking Act and in compliance with local law and regulations, UniCredit undertakes management and coordination activities in respect of the Group to ensure the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability.

UniCredit believes that the following strengths have been essential to the Group's success to date and will continue to be important in the future, taking into consideration the current Group perimeter:

- its status as a pan-European commercial bank, delivering its well-established Western Europe and CEE network, with a leadership position in 13 out of 14 countries<sup>42</sup>;
- its simple "One Bank" business model, replicated across the entire network, which drives synergies and streamlined operations;
- a CIB Division that operates in close coordination with the Commercial Banking divisions, enabling the achievement of cross-selling and synergies across business lines and countries; and
- its low risk profile business model, with 88 per cent. of RWA as of 31 March 2019, being comprised of credit RWA, and benefiting from diversification and a more stable national and regulatory environment, with 95 per cent. of global revenues being generated in the European Union and 51 per cent. of global revenues being generated outside Italy.

UniCredit intends to create value by pursuing the strategic initiatives included in its Strategic Objectives, which aims to maintain a level of profitability that is sustainable over time, leveraging off a simple, commercial banking business model, strengthened cross-selling and its extended branch network. The five pillars of the Group's Strategic Objectives are as follows:

- strengthen and optimize capital;
- improve asset quality, both in terms of resolution of the issues associated with the Italian loans portfolio (legacy of the underwriting activities mainly going back to years before the financial crisis that affected the Italian and European banking system), through a proactive de-risking of balance sheet assets and increasing the coverage ratio of non-performing loans and in terms of parallel strengthening risk management policies to enhance new loans underwriting;
- transform the operating model, in order to reduce the cost of serving customers, at the same time increasing customer focus and the quality of products and services, leveraging on IT investments;
- maximize commercial bank value, capitalizing the potential of the retail customer base and exploiting the position of "go to" bank status for corporate customers in Western Europe, further strengthening the leadership position in Central and Eastern Europe and the generation of synergies across divisions and countries, taking advantage of the Corporate and Banking Division (CIB) being plugged into commercial bank activities; and
- adopt a lean but steering center, with the implementation of key performance indicators cascaded to the divisions and networks, the streamlining of support functions and the transparent allocation of costs between divisions.

## BUSINESS AREAS

Brief descriptions of the business segments through which the UniCredit Group operates are provided below.

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<sup>42</sup> Italy, Germany, Austria, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Russia, Romania, Bulgaria, Turkey; measured considering ranking by total assets as of December 2018 (between #1 and #5).



### **Commercial Banking Italy**

Commercial Banking Italy is composed by UniCredit's commercial network related to Core clients (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division), Leasing (excluding Non-Core clients), Factoring and local Corporate Centre with supporting functions for the Italian business.

In relation to individual clients (Households and clients of specialized network Private Banking), Commercial Banking Italy's goal is to offer a full range of products and services to fulfil transactional, investments and credit needs, relying on about 2500 retail branches and multichannel services provided thanks to new technologies.

In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio. The current Corporate channel is organized on the territory with about 685 Managers divided in 56 Corporate Areas.

The territorial organisation promotes a bank closer to customers and faster decision-making processes, while the belonging to the UniCredit Group allows to support companies in developing international attitudes.

### **Commercial Banking Germany**

Commercial Banking Germany provides all German customers (excluding Large Corporate and Multinational clients, supported by the Corporate and Investment Banking Division) with a complete range of banking products and services through a network of around 340 retail branches.

Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).

Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, small business and corporate customers, commercial real estate customers, and wealth management customers. In particular, the Corporate segment employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany; the private clients segment serves retail customers and private banking customers with banking and insurance solutions across all areas of demand. In detail, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering.

The Segment also includes the local Corporate Centre, which performs tasks as sub-holding towards other sub-group legal entities.

### **Commercial Banking Austria**

Commercial Banking Austria provides all Austrian customers (excluding Large Corporate and Multinational clients, supported by the Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of: Retail, Corporate (excluding CIB clients, but including the product factories Factoring and Leasing), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG) and the local Corporate Centre. Retail covers business with private individuals, ranging from mass-market to affluent customers and business customers. Corporates cover the entire range of SMEs and medium-sized and large companies which do not access capital markets (including real estate and public sector).

A broad coverage of the Retail and Corporate business lines is ensured through a network of about 120 retail branches.

### **Corporate & Investment Banking (CIB)**

CIB segment targets mainly Large Corporate and Multinational clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients. CIB serves UniCredit Group's clients across 32 countries and supports these clients in their growth, internationalization projects and restructuring phases.

The organizational structure of CIB is based on a matrix that integrates market coverage (carried out through an extensive network in Western, Central and Eastern Europe and an international network of branches and representative offices) and product offering (divided into three Product Lines that consolidate the breadth of the Group's CIB know-how).

The dedicated commercial networks (CIB Network Italy, CIB Network Germany and CIB Network Austria, CIB Network France, International Network, Financial Institutions Group) are responsible for the relationships with corporate clients, banks and financial institutions, as well as the sale of a broad range of financial products and services, ranging from traditional loans to more sophisticated transactions on international financial markets.

The three following Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products:

- **Financing and Advisory (F&A)** – F&A is the expertise centre for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a wide variety of services ranging from plain vanilla and standardised products to more sophisticated products.
- **Markets** – Markets is the centre specialised for all financial markets activities and serves as the Group's access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralised product line, Markets is responsible for the coordination of financial markets-related activities, including the structuring of products such as foreign exchange, Equities and credit related activities.
- **Global Transaction Banking (GTB)** – GTB is the centre for Cash Management, e-banking products, Supply Chain Finance and Trade Finance products and global securities services.

### **Central and Eastern Europe (CEE)**

The Group operates, through the CEE business segment, in the following Central and Eastern Europe countries: Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey; having, in addition, Leasing activities in the three Baltic countries. The CEE business segment operates through about 1,650 retail branches (including about 800 branches part of a Joint Venture with a local partner in Turkey, which is consolidated at equity) and offers a wide range of products and services to retail, corporate and institutional clients in these countries. UniCredit Group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German and Austrian customers.

With respect to corporate clients, UniCredit Group is constantly engaged in standardising the customer segments and range of products. The Group shares its business models on an international level in order to ensure access to its network in any country where the Group is present. This approach is vital due to the variety of global products offered, particularly cash management and trade finance solutions, to corporate customers operating in more than one CEE country.

### **Group Corporate Centre**

The Group Corporate Centre's objective is to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence. In this framework, an important objective is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines.

### **Non-Core**

Starting from the first quarter 2014, the Group decided to introduce a clear distinction between the above described activities, which include strategic business units in line with risk strategies, and Non-core assets comprising non-strategic assets or those with a risk/yield profile that is inadequate for our needs. The objective is to reduce the overall exposure to these assets over a period of time and to improve our risk profile. Non-core assets in particular include individual assets previously included in the Commercial Banking Italy segment

(identified on the basis of individual customers), as well as several vehicle companies for securitization transactions. The full run-down of Non-Core is expected in 2021.

## **LEGAL AND ARBITRATION PROCEEDINGS AND PROCEEDINGS CONNECTED TO ACTIONS OF THE SUPERVISORY AUTHORITIES**

### **Legal and arbitration proceedings**

The parent company UniCredit S.p.A. and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as of 31 December 2018, the parent company UniCredit S.p.A. and other UniCredit group companies were named as defendants in about 20,800 legal proceedings, of which approx. 10,000 involving the parent company UniCredit S.p.A. (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the UniCredit group may not lawfully know about or communicate.

The Group is also required to fulfill appropriately various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, U.S. and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead, to additional litigation and investigations and subjects the Group to damages claims, regulatory fines, other penalties and/or reputational damages. In addition, one or more Group companies and/or their current and/or former directors are subject or may in the future be subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which the Group operates. These include investigations and/or proceedings relating, inter alia, to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of the UniCredit group's business and its reorganization over time there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.

In many cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory or prosecution authorities and/or claims in which the claimed damages and/or potential liability of the Group is not and cannot be determined, either because of how the claims is presented and/or because of the nature of the actual proceedings. In such cases, until the time when it will be possible to estimate reliably the potential outcome, no provisions are made. However, where it is possible to estimate reliably the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements to the extent the parent company UniCredit S.p.A., or any of the Group companies involved, deemed appropriate based on the circumstances of the case and in compliance with International Accounting Standards (IAS).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labor law and tax cases), as of 31 December 2018, the UniCredit group set aside a provision for risks and charges of € 2,365 million, of which € 647 million for the parent company UniCredit S.p.A. As of 31 December 2018, the total amount of claimed damages relating to judicial proceedings other than labor, tax and debt collections proceedings was € 11.4 billion, of which approx. € 7 billion for the proceedings involving the parent company UniCredit S.p.A. This figure is affected by both the disomogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which the UniCredit group is named as a defendant. The estimate for reasonably possible liabilities and this provision are based upon information available as of 31 December 2018, however, given the many uncertainties inherent in legal proceedings, they involve significant elements of judgment. In particular, in some cases it is not possible to form a reliable estimate, for instance where proceedings have not yet been commenced or where the extent of legal and factual uncertainties makes any estimate speculative. Therefore any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions.

Set out below is a summary of information, including, if material and/or indicated, the single requests of the plaintiffs, relating to matters involving the UniCredit group which are not considered groundless or in the ordinary course of the Group's business.

This section also describes pending proceedings against the parent company UniCredit S.p.A., and/or other UniCredit group companies and/or employees (even former employees) that the parent company UniCredit

S.p.A. considers relevant and which, at present, are not characterized by a defined claim or for which the respective claim cannot be quantified.

Unless expressly mentioned below, labor law and tax claims are excluded from this section and are described elsewhere in the Base Prospectus. In accordance with IAS37, information that would seriously prejudice the relevant company's position in the dispute may be omitted.

## **Madoff**

### *Background*

UniCredit and various of its direct and indirect subsidiaries have been sued or investigated in the wake of a Ponzi scheme perpetrated by Bernard L. Madoff (**Madoff**) through his company Bernard L. Madoff Investment Securities LLC (**BLMIS**), which was exposed in December 2008. Madoff or BLMIS and the UniCredit's group of companies were principally connected as follows:

- The Alternative Investments division of Pioneer (**PAI**), an indirect subsidiary of UniCredit, was investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation) (**Primeo**)) and other non-U.S. funds-of-funds that had invested in other non-U.S. funds with accounts at BLMIS.
- Before PAI's involvement with Primeo, BA Worldwide Fund Management Ltd (**BAWFM**), an indirect subsidiary of UniCredit Bank Austria AG (**BA**), had been Primeo's investment adviser. BAWFM also performed for some time investment advisory functions for Thema International Fund plc (**Thema**), a non-U.S. fund that had an account at BLMIS.
- Some BA customers purchased shares in Primeo funds that were held in their accounts at BA.
- BA owned a 25 per cent. stake in Bank Medici AG (**Bank Medici**), a defendant in certain proceedings described below.
- BA acted in Austria as the "prospectus controller" under Austrian law in respect of Primeo and the Herald Fund SPC (**Herald**), a non-U.S. fund that had an account at BLMIS.
- UniCredit Bank AG (then Hypo- und Vereinsbank AG (**HVB**)) issued notes whose return was to be calculated by reference to the performance of a synthetic hypothetical investment in Primeo.

### *Proceedings in the United States*

#### *Claims by the SIPA Trustee*

In December 2010, the bankruptcy administrator (the **SIPA Trustee**) for the liquidation of BLMIS filed, as one of a number of cases, a case in a U.S. Federal Court against approximately sixty defendants, including HSBC, UniCredit and certain of its affiliates (the **HSBC case**).

In the HSBC case the SIPA Trustee sought to recover a damage compensation for an overall amount of more than USD 6 billion (to be later determined over the course of proceedings) against all 60 defendants or so defendants for common law claims (i.e. claims for aiding and abetting the violations by BLMIS) and avoidance claims (also known as claw-back claims). No separate claim for damages was brought against the UniCredit Group.

All claims against UniCredit and other companies of the UniCredit Group, both relating to common law claims and those related to claw-back actions, were rejected without any possibility of appeal, with the exception of (i) UCB Austria, with respect to which the SIPA Trustee on 21 July 2015 has voluntarily renounced, with possibility to appeal, the claw-back actions against UCB Austria; and (ii) BAWFM, where, on 22 November 2016, the bankruptcy court issued a decision that required the dismissal of the claw-back claims against BAWFM. On 16 March 2017, the SIPA Trustee filed a notice of appeal from the dismissal of the claims. The appeal remains pending. However, if that appeal were successful, the potential claim for damage is non-material and, therefore, there are no specific risk profiles for UniCredit Group. Certain current or formerly affiliated

persons named as defendants in the HSBC case may have rights to indemnification from UniCredit and its affiliated entities. Furthermore, at the date of this Base Prospectus and to the knowledge of UniCredit, there are no further actions commenced by parties other than the SIPA Trustee in relation to this matter.

#### *Claims by SPV OSUS Ltd.*

The parent company UniCredit S.p.A. and certain of its affiliates UCB Austria, BAWFM and PAI – were named as defendants, together with approximately 40 other defendants, in a lawsuit filed before the Supreme Court of the State of New York, County of New York, on 12 December 2014, by SPV OSUS Ltd. The lawsuit was removed to the United States District Court for the Southern District of New York on 20 April 2018. The plaintiffs' claims are based on common law, and are only aimed at obtaining monetary compensation, vis-à-vis all defendants in connection with alleged aiding and abetting a breach of fiduciary duty, aiding and abetting a fraud, aiding and abetting a conversion and knowing participation in a breach of trust in connection with the Madoff Ponzi Scheme. The case is brought on behalf of a purported assignee of an investor in BLMIS, with no specification of the claimed amount. On 30 March 2019, the district court judge dismissed the case for lack of personal jurisdiction and for failure to state a claim and closed the case.

#### *Proceedings Outside the United States*

Investors in the Primeo and Herald funds brought numerous civil proceedings in Austria. As of 31 December 2018, 30 civil proceedings remain pending, with a claimed amount totaling €8.15 million plus interest, of which: 23 were pending before a judge of first instance with no judgment yet, and 5 were pending before the Court of Appeal with no judgment yet. Two cases were remanded back to the first instance. These two cases are pending before the Supreme Court. Further, one extraordinary appeal is pending at the Supreme Court since March 2019. In three cases a single judgment was recently handed down (joined proceeding) by the Court of Appeal. The deadline for an extraordinary appeal by the claimant ends in April 2019. The claims in these proceedings pertain to alleged breaches by UCB Austria of certain duties regarding its function as prospectus controller (i.e. regarding the review of prospectuses for accuracy and completeness), or that UCB Austria improperly advised certain investors (directly or indirectly) to invest in funds in Madoff-related investments or a combination of these claims.

The Austrian Supreme Court issued 24 final decisions with respect to prospectus liability claims asserted in the legal proceedings. With respect to claims related to the Primeo funds, 14 final Austrian Supreme Court decisions have been issued in favor of UCB Austria. In two cases the Supreme Court did not accept UCB Austria's extraordinary appeal, thus making the decisions of the Court of Appeal in favor of the claimant final and binding. With respect to the Herald fund, the Austrian Supreme Court ruled 5 times with respect to prospectus liability, 2 in favor of UCB Austria and 3 times in favor of the claimants. In a prospectus liability case with Primeo and Herald investments the Austrian Supreme Court ruled in favor of UCB Austria; in two further prospectus liability cases with Primeo and Herald investments the Supreme Court did not accept the claimants' extraordinary appeals, thus rendering binding the decisions of the Court of Appeal in favor of Bank Austria.

While the impact of these decisions on the remaining cases cannot be predicted with certainty, future rulings may be adverse to UCB Austria.

In respect of the Austrian civil proceedings pending as against UCB Austria related to Madoff's matter, UCB Austria has made provisions for an amount considered appropriate to the current risk.

UCB Austria has been named as a defendant in criminal proceedings in Austria concerning the Madoff case on allegations that UCB Austria breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo fund; other allegations are related to the level of fees and embezzlement. In the past, parts of the complaints have already been closed. At the date of this Base Prospectus, the criminal proceedings regarding the other allegations are still at the investigation stage and no official indictments against UCB Austria have been brought by the Austrian prosecutor, therefore, it is not possible to estimate the sanctions (if any) that would be imposed on UCB Austria as well as the potential joint liability of UCB Austria.

#### *Certain potential consequences*

In addition to the foregoing proceedings and investigations stemming from the Madoff case against the parent company UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees,

subject to any applicable limitations on the time by when proceedings must be brought, additional Madoff-related proceedings may be filed in the future in the United States, Austria or elsewhere. Such potential future proceedings could be filed against the parent company UniCredit S.p.A., its subsidiaries, their respective employees or former employees or entities with which the parent company UniCredit S.p.A. is affiliated or may have investments in. The pending or possible future proceedings may have negative consequences for the UniCredit group.

Save as described above, as at the date of this Base Prospectus, it is not possible to estimate reliably the timing and results of the various proceedings, nor determine the level of liability, if any responsibility exists. Save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff-related claims and charges.

### **Alpine Holding GmbH**

Alpine Holding GmbH (a limited liability company) undertook a bond offering every year from 2010 to 2012. In 2010 and 2011, UCB Austria acted as joint lead manager, together with another bank. In June/July 2013, Alpine Holding GmbH and Alpine Bau GmbH became insolvent and insolvency proceedings began. Numerous bondholders then started to send letters to the banks involved in issuing the bonds, setting out their claims.

Insofar as UCB Austria is concerned, bondholders based their claims primarily on prospectus liability of the joint lead managers; only in a minority of cases they also claimed an alleged misselling due to bad investment advice. Furthermore, at the date of this Base Prospectus, UCB Austria, among other banks, has been named as defendant in civil proceedings initiated by investors including three class actions filed by the Federal Chamber of Labour (with the claimed amount totalling about €20.26 million). The principal claim is prospectus liability. These civil proceedings are mainly pending in the first instance.

At the date of this Base Prospectus, the Austrian Supreme Court has not issued a final decision with respect to prospectus liability claims against UCB Austria. In addition to the foregoing proceedings against UCB Austria stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. At the date of this Base Prospectus, it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of liability, if any.

In addition, several involved persons have been named as defendants in criminal proceedings in Austria which concern the Alpine bankruptcy case. UCB Austria has joined these proceedings as private party. The criminal proceedings are at the pre-trial stage. Unknown responsible persons of the issuing banks involved were formally also investigated by the public prosecutor's office. In May 2017, the Public Prosecutors Office decided to close the proceedings against this group of persons. Several appeals against this decision were rejected in January 2018, hence the decision is final. Proceedings against the remaining defendants were closed in May 2018. Private parties appealed against this decision and the proceedings are still pending.

### **Proceedings arising out of the purchase of UCB AG by UniCredit and the related group reorganization**

#### *Squeeze-out of UCB AG minority shareholders (Appraisal Proceeding)*

In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich I to have a review of the price paid to them by the parent company UniCredit S.p.A., equal to €38.26 per share, in the context of the squeeze out of minority shareholders (**Appraisal Proceeding**). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the price to be paid to the former minority shareholders. At present the proceeding is pending in the first instance. The District Court of Munich has appointed experts for the valuation of UCB AG at the time of the squeeze-out, who have submitted their opinion in November 2017. The experts have confirmed that the valuation of UCB AG for the purposes of the squeeze-out cash compensation was by and large adequate. The court-appointed experts have, however, identified certain value effects which, in the opinion of the experts, could lead to a value increase of UCB AG's former subsidiaries Bank Austria and certain CEE financial institutions. Against this background, the experts question the appropriateness of the purchase prices paid before the squeeze-out by the parent company UniCredit S.p.A. to UCB AG for UCB Austria and for the said CEE financial institutions. The opinion of the experts does not bind the court. Both the parent company UniCredit S.p.A. and the applicants have submitted comments on the expert opinion to the court, which has asked the court-appointed experts to prepare a supplemental expert opinion on these comments by September 2019. The next oral hearing is scheduled for

February 2020. It will then be upon the court of first instance to decide on the request of the minority shareholders based on the expert opinion and the legal issues that are relevant and material to the decision of the court. The parent company UniCredit S.p.A. continues to believe that it has fully complied with applicable law and that the amount paid to the minority shareholders was adequate. It will vigorously defend this position in the ongoing proceedings and has submitted its comments on the expert opinion to the court. The decision of first instance will be subject to appeal. Thus, at this stage, it is not possible to estimate the duration of the proceeding, which might also last for a number of years and could result in the parent company UniCredit S.p.A. having to pay additional cash compensation to the former shareholders. No estimate on the amount in dispute can be made at the current stage of the proceeding.

#### *Squeeze-out of Bank Austria's minority shareholders*

In 2008, approximately 70 former minority shareholders in UCB Austria commenced proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to €129.4 per share, was inadequate, and asking the court to review the adequacy of the amount paid (Appraisal Proceeding).

The Commercial Court of Vienna referred the case to a panel, called the “Gremium”, to investigate the facts of the case in order to review the adequacy of the cash compensation. On 26 June 2018, the Gremium issued its opinion consistent with the opinions of its experts that had been given in December 2011 and May 2013, and which were, in general, positive for the parent company UniCredit S.p.A. The Gremium referred the case back to the Commercial Court of Vienna. The parent company UniCredit S.p.A. submitted its comments to the Court on the Gremium’s decision at the end of July 2018 along with other parties. The proceedings will continue before the Commercial Court of Vienna who has ordered the parties to submit additional documents to the court and will decide on the price evaluation and other legal matters. The parent company UniCredit S.p.A., considering the nature of the valuation methods used, believes that the amount paid to the minority shareholders was adequate.

At the date of this Base Prospectus, it is not possible to evaluate the amount under dispute and the possible risk connected with the above described Appraisal Proceeding.

#### **Financial Sanctions matters**

In March 2011, UniCredit Bank AG received a subpoena from the District Attorney for New York County (“DANY”) relating to historical transactions involving certain Iranian entities designated by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and their affiliates. In the subsequent years, DANY, the U.S. Department of Justice (“DOJ”), OFAC, the New York State Department of Financial Services (“DFS”), and the Board of Governors of the Federal Reserve System and the New York Federal Reserve Bank (“Fed”) (collectively “U.S. and New York authorities”) initiated their own investigations respecting historical compliance by UniCredit S.p.A., UniCredit Bank AG, and UniCredit Bank Austria AG (together “Group”) with applicable U.S. sanctions laws and regulations.

UniCredit S.p.A., UniCredit Bank AG, and UniCredit Bank Austria AG have each cooperated extensively with the U.S. and New York authorities, including conducting their own voluntary investigation of their U.S. dollar payments practices and its historical compliance with applicable U.S. financial sanctions, in the course of which certain historical non-transparent practices were identified. Even before the conclusion of these investigations, the Group initiated substantial and substantive remediation activities relating to policies and procedures, which are ongoing.

On 15 April 2019, UniCredit S.p.A., UniCredit Bank AG, and UniCredit Bank Austria AG reached a resolution with the U.S. and New York authorities regarding these investigations. As part of such resolution, UniCredit S.p.A., UniCredit Bank AG, and UniCredit Bank Austria AG entities have agreed to pay penalties totaling approximately \$1.3 billion and to implement certain remedial policies and procedures. The amount owed by the respective entities is entirely covered by their provisions, and the final penalty amount will not have a material impact on the UniCredit group. No further enforcement actions are expected relating to the subject of the resolved investigation.

As part of the settlements with the U.S. and New York authorities (DANY, OFAC, DOJ, DFS and Fed), UniCredit S.p.A., UniCredit Bank AG, and UniCredit Bank Austria AG made certain commitments to implement remedial compliance controls and conduct risk assessments relating to the UniCredit group’s global business lines, to provide periodic reports and certifications concerning the implementation and effectiveness of

the group's compliance program to the U.S. and New York authorities, and to engage an independent external party to conduct an annual review of the effectiveness of the group's compliance program whose findings will be shared with the U.S. and New York authorities. Most of these reporting requirements will expire after three to five years, but may be extended at the discretion of the U.S. and New York authorities.

### **Proceedings related to claims for Withholding Tax Credits**

On 31 July 2014 the Supervisory Board of UCB AG concluded its internal investigation into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits on German share dividends) at UCB AG. The findings of the Supervisory Board's investigation indicated that the bank sustained losses due to certain past acts/omissions of individuals.

The Supervisory Board has submitted a claim for compensation against three individual former members of the management board, not seeing reasons to take any action against the members in office at the date of this Base Prospectus. These proceedings are ongoing. UniCredit S.p.A., UCB AG's parent company, supports the decisions taken by the Supervisory Board. In addition, criminal investigations have been conducted against current or former employees of UCB AG by the Prosecutors in Frankfurt on the Main, Cologne and Munich with the aim of verifying alleged tax evasion offences on their part. UCB AG cooperated - and continues to cooperate - with the aforesaid Prosecutors who investigated offences that include possible tax evasion in connection with cum-ex transactions both for UCB AG's own book as well as for a former customer of UCB AG. Proceedings in Cologne against UCB AG and its former employees were closed in November 2015 with, *inter alia*, the payment by UCB AG of a fine of €9.8 million. The investigations by the Frankfurt on the Main Prosecutor against UCB AG under section 30 of the Administrative Offences Act (the *Ordnungswidrigkeitengesetz*) were closed in February 2016 by the payment of a fine of €5 million. The investigation by the Munich Prosecutor against UCB AG was closed as well in April 2017 following the payment of a forfeiture of €5 million. In December 2018, in connection with a separate ongoing investigation against former bank employees by the Cologne prosecutor, UCB AG was informed of the initiation of an additional administrative proceeding regarding "cum-ex" transactions involving Exchange Traded Funds (ETF). The facts are being examined internally. UCB AG continues to cooperate with the authorities.

The Munich tax authorities are currently performing a regular field audit of UCB AG for the years 2009 to 2012 which *inter alia* includes review of other transactions in equities around the dividend record date. During these years UCB AG performed, *inter alia*, securities-lending with different domestic counterparts which *inter alia* include, but are not limited to, different types of securities transactions around the dividend date. It remains to be clarified whether, and under what circumstances, tax credits can be obtained or taxes refunded with regard to different types of transactions carried out close to the distribution of dividends, and which are the further consequences for the bank in case of different tax treatment. The same applies for the years 2013 until 2015 following the current regular tax audit mentioned above. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in constant communication with relevant Supervisory Authorities and competent tax authorities regarding these matters. UCB AG has made provisions deemed appropriate.

### **Proceedings relating to certain forms of banking transactions**

The UniCredit group is named as a defendant in several proceedings in matters connected to its operations with clients, which are not specific to the UniCredit group, rather affect the financial sector in general.

In this regard, as of 31 December 2018 (i) proceedings against the parent company UniCredit S.p.A. pertaining to compound interest, typical of the Italian market, had a total claimed amount of €1.169 million, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was €767 million, mediations included) and the German market (for which the claimed amount against UCB AG was €91.8 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CEE countries (for which the claimed amount was around €44 million).

The proceedings pertaining to compound interest mainly involve damages requests from clients arising from the alleged unlawfulness of the calculation methods of the amount of interest payable in connection with certain banking contracts. Starting from the first years of 2000, there has been a progressive increase in claims brought by the account holders due to the unwinding of the interest payable arisen from the quarterly compound interest. In the course of 2018, the number of claims for refunds/compensation for compound interest did not show



particular variations compared to 2017. At the date of this Base Prospectus, the parent company UniCredit S.p.A. has made provisions that it deems appropriate for the risks associated with these claims.

With regard to the litigation connected to derivative products, several financial institutions, including UniCredit group companies, entered into a number of derivative contracts, both with institutional and non-institutional investors. In Germany and in Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to the parent company UniCredit S.p.A. and its Group companies. At the date of this Base Prospectus, it is not possible to assess the full impact of these legal challenges on the Group.

With respect to proceedings relating to foreign currency loans, in the last decade, a significant number of customers in the Central and Eastern Europe area took out loans and mortgages denominated in a foreign currency (**FX**). In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of the parent company UniCredit S.p.A. in a number of CEE countries including Croatia, Hungary, Romania, Slovenia and Serbia.

In Croatia, following the implementation in September 2015 of a new law that rewrote the terms of FX loan contracts, a number of these lawsuits were withdrawn as customers took advantage of the benefits of the new law. Zagrebačka Banka (**Zaba**) challenged the new law before the Croatian Constitutional Court. On 4 April 2017, the Constitutional Court rejected Zaba's constitutional challenge and no further remedies are available under local laws.

In September 2016, UCB Austria and Zaba initiated a claim against the Republic of Croatia under the Agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses suffered as a result of amendments in 2015 to the Consumer Lending Act and Credit Institutions Act mandating the conversion of Swiss franc-linked loans into Euro-linked. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers requested so. Following a hearing, the arbitral tribunal ruled on part of the Respondent's jurisdictional objections. The arbitral proceedings remain pending.

### **Medienfonds/closed end funds**

Various investors in VIP Medienfonds 4 GmbH & Co. KG to whom the UCB AG issued loans to finance their participation brought legal proceedings against UCB AG. In the context of the conclusion of the loan agreements the plaintiffs claim that an inadequate advice was provided by the bank about the fund structure and the related tax consequences. A settlement was reached with the vast majority of the plaintiffs. An outstanding final decision with respect to the question of UCB AG's liability for the prospectus in the proceeding pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*) which is pending at the Higher Regional Court of Munich, will affect only a few pending cases.

Furthermore, as at the date of this Base Prospectus, UCB AG is defending lawsuits concerning other closed-end funds. Investors filed lawsuits against UCB AG and claim insufficient advice was provided by the bank within the scope of their investment in closed-end funds. In particular, the investors claim that UCB AG did not or did not fully disclose any refunds made to the bank or they were advised on the basis of an allegedly incorrect prospectus. The questions regarding a correct and sufficient advice to a customer as well as questions regarding the limitation period and thus the success prospects in the proceedings depend on the individual circumstances of the particular case and are therefore difficult to be predicted. As far as these proceedings were disputed, the experience in the past has shown that the deciding courts have largely ruled in favour of UCB AG.

### **Vanderbilt related litigations**

*Claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds.*

In August 2006, the New Mexico Educational Retirement Board (**ERB**) and the New Mexico State Investment Council (**SIC**), both U.S. state funds, invested \$90 million in Vanderbilt Financial, LLC (**VF**), a vehicle

sponsored by Vanderbilt Capital Advisors, LLC (**VCA**). VCA is a subsidiary of Pioneer Investment Management USA Inc., at the time an indirect subsidiary of the parent company UniCredit S.p.A. The purpose of VF was to invest in the equity tranche of various collateralized debt obligations (**CDOs**) managed primarily by VCA. The equity investments in VF, including those made by the ERB and SIC, became worthless. VF was later liquidated.

Beginning in 2009, several lawsuits were threatened or filed (some of which were later dismissed) on behalf of the State of New Mexico relating to the dealings between VCA and the State of New Mexico. These lawsuits include proceedings launched by a former employee of the State of New Mexico who claimed the right, pursuant to the law of the State of New Mexico, to act as a representative of the State for the losses suffered by the State of New Mexico with regard to investments managed by VCA. In these proceedings, in addition to VCA, Pioneer Investment Management USA Inc., PGAM and the parent company UniCredit S.p.A. were also named as defendants, by virtue of their respective corporate affiliation with VCA, as described in the previous paragraph. In addition, two class actions were launched with regard to VCA on behalf of the public pension fund managed by ERB and the State of New Mexico threatened to launch a case against VCA if its claim was not satisfied. These suits threatened or instigated relate to losses suffered by the ERB and/or SIC on their VF investments, with additional claims threatened in relation to further losses suffered by SIC on its earlier investments in other VCA-managed CDOs. The lawsuits threatened or instigated allege fraud and kickback practices. Damages claimed in the lawsuits filed by or on behalf of the State of New Mexico are computed based on multiples of the original investment, up to a total of \$365 million.

In 2012, VCA reached an agreement with the ERB, SIC and State of New Mexico to settle for the sum of \$24.25 million all claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds. The settlement amount was deposited into escrow at the beginning of 2013. The settlement is contingent on the Court's approval, but that process was temporarily delayed, and the original litigation was stayed, pending the determination by the New Mexico Supreme Court of a legal matter in a lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 VCA, the ERB, SIC, and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing on the matter in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA be dismissed. A judgment to that effect was entered in September 2017 and a motion by the former State employee seeking to set aside that judgment was denied by the Court in October 2017. Appeals from the judgment and the subsequent order were taken in October and November 2017 and the settlement cannot be effectuated while the appeal remains pending. If the judgment is upheld on appeal, the escrowed amount will be paid over to the State of New Mexico and VCA, Pioneer Investment Management USA Inc., PGAM and the parent company UniCredit S.p.A. will all be released from all claims that were or could have been brought by or on behalf of the State or any of its agencies or funds.

#### **Divania S.r.l.**

In the first half of 2007, Divania S.r.l. (now in bankruptcy) (**Divania**) filed a suit in the Court of Bari against UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now "UniCredit S.p.A.") alleging violations of law and regulation (relating, inter alia, to financial products) 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 plaintiff requests that the contracts be declared non-existent, or failing that, null and void or to be cancelled or terminated, and that UniCredit Banca d'Impresa S.p.A. pay the plaintiff a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement that the parties reached in 2005 under which Divania had agreed to waive any claims in respect of the transactions.

The parent company UniCredit S.p.A. rejects Divania 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 plaintiff's demands. In 2010, the Court-appointed expert witness submitted a report that largely confirms the Bank's position stating that there was a loss on derivatives amounting to about €6,4 million (which would increase to €10,884 million should the out-of-court settlement, challenged by the plaintiff, be judged unlawful and thus null and void).

The expert opinion states that interest should be added in an amount between €4,137 million (contractual rate) and €868,000 (legal rate). On 29 September 2014, the judges reserved their decision. A new expert report was

then ordered, which essentially confirmed the conclusions of the previous expert report. At the hearing held on 6 June 2016 the judges reserved again their decision. On 16 January 2017, the Court issued a decision declaring not to be competent to decide on part of the plaintiff's claims and ordered the parent company UniCredit S.p.A. to pay, in favor of Divania's bankruptcy Receiver an overall amount of approximately €7.6 million plus legal interests and part of the expenses. The decision has been appealed. At the first hearing of 29 November 2017, the proceedings were adjourned to 11 October 2019 for the filing of the parties' conclusions.

Two additional lawsuits have also been filed by Divania, (i) one for €68.9 million (which was subsequently increased up to € 80.5 million pursuant to Article 183 of the Code of Civil Procedure); and (ii) a second for €1.6 million.

As for the first case, in May 2016 the Court ordered the parent company UniCredit S.p.A. to pay approximately €12.6 million plus costs. The parent company UniCredit S.p.A. appealed against the decision and at the first hearing the case was adjourned to 22 June 2018 for the filing of detailed conclusions. At the hearing of 22 June, the case was adjourned to 11 October 2019 for the filing of the parties' conclusions.

In respect of the second case, on 26 November 2015, the Court of Bari rejected the original claim of Divania. The judgment has *res judicata* effect.

The parent company UniCredit S.p.A. has made a provision for an amount it deems appropriate to cover the risk of the lawsuit.

#### **Valauret S.A.**

In 2004, Valauret S.A. and Hughes de Lasteyrie du Saillant filed a civil claim for losses resulting from the drop in the share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors and others. UCB Austria (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that it 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 UCB Austria, the civil proceedings were stayed following the opening of criminal proceedings by the French State that are ongoing at the date of this Base Prospectus. In December 2008, the civil proceedings were also stayed against UCB Austria. In UCB Austria's opinion, the claim is groundless and at the date of this Base Prospectus no provisions have been made.

#### **I Viaggi del Ventaglio Group (IVV)**

In 2011 foreign companies IVV DE MEXICO S.A., TONLE S.A. and the bankruptcy trustee IVV INTERNATIONAL S.A. filed a lawsuit in the Court of Milan for approximately €68 million. In 2014, the bankruptcy trustees of IVV Holding S.r.l. and IVV S.p.A. filed two additional lawsuits in the Court of Milan for €48 million and €170 million, respectively.

The three lawsuits are related. The first and third relate to allegedly unlawful conduct in relation to loans. The second relates to disputed derivative transactions. The parent company UniCredit S.p.A.'s view is that the claims appear to be groundless based on its preliminary analysis. In particular: (i) as far as the first lawsuit is concerned (a claim amounting to approximately €68 million), the parent company UniCredit S.p.A. won in first instance. Respectively, in July 2016 and in September 2016 the plaintiffs filed an appeal against the decision and at the hearing of 16 January 2019 the parties filed their conclusions and the proceeding is in its conclusive phase; (ii) as far as the second lawsuit is concerned (a claim amounting to approximately €48 million), relating mainly to disputed derivative transactions, in 2015, all the evidentiary requests, including the appointment of an expert, have been rejected. On 21 May 2018, the Court of Milan rejected all IVV S.p.A.'s claims by and ordered it to pay costs. The Judge approved the settlement agreement between the Bank and the Bankruptcy Trustee; and (iii) lastly, with regard to the third lawsuit (a claim amounting to approximately €170 million), it is at the date of this Base Prospectus at the evidentiary stage and the requests made by the judge to the court-appointed expert do not seem related to the position of the parent company UniCredit S.p.A. An additional report filed by the court-appointed expert is favourable for the defendants. The case has been interrupted due to the decease of one of the defendants and may be resumed by the plaintiffs by mid- June 2019.

### **Lawsuit brought by “Paolo Bolici”**

In May 2014, the company wholly owned by Paolo Bolici sued the parent company UniCredit S.p.A. in the Court of Rome seeking the return of approximately €12 million for compound interest (including alleged usury component) and €400 million for damages. The company then went bankrupt. The Court of Rome issued the decision on 16 May 2017 rejecting all the claims and ordering the bankruptcy procedure to reimburse the parent company UniCredit S.p.A. with the legal costs. The parent company UniCredit S.p.A. decided not to make provisions. On 17 June 2017 the bankruptcy procedure appealed the decision. The case has been adjourned to 7 December 2021 for the filing of the parties' conclusions.

### **Mazza Group**

The civil lawsuit originates from a criminal proceeding before the Court of Rome for illicit lending transactions of disloyal employees of the parent company UniCredit S.p.A. in favor of certain clients for approximately €84 million. These unlawful credit transactions involve: (i) unlawful supply of funding, (ii) early use of unavailable large sums, (iii) irregular opening of accounts which the employees, in increasingly important roles, facilitated in violation of the regulations and procedures of Banca di Roma S.p.A. (later “UniCredit Banca di Roma S.p.A.” and afterwards merged by incorporation into the parent company UniCredit S.p.A.).

In May 2013, certain criminal proceedings - related to acts and offences representatives of a group of companies (the “Mazza Group”) committed in 2005 with the collaboration of disloyal employees of the parent company UniCredit S.p.A. - came to an end with an exculpatory ruling (no case to answer). The Public Prosecutor and the parent company UniCredit S.p.A. appealed this decision. The appeal proceeding is in its conclusive phase and a judgment is expected by the end of 2019.

At the date of this Base Prospectus two lawsuits are pending for compensation claims against the parent company UniCredit S.p.A.:

- the first filed in June 2014 by the Mazza notary in the Court of Rome, demanding from the parent company UniCredit S.p.A. compensation for damage allegedly suffered following the criminal complaint brought by the former Banca di Roma S.p.A. The plaintiff makes use of the exculpatory ruling in the criminal proceedings to claim a traumatic experience with repercussions on their health, marriage, social and professional life, with financial, moral, existential and personal injury damages of approximately €15 million. The proceeding is at the evidence collection stage and the hearing for the submission of the parties' conclusion is scheduled for 13 July 2020; and
- the second filed in March 2016 by Como S.r.l. and Camillo Colella in the Court of Rome, demanding damages from the parent company UniCredit S.p.A. in the amount of approximately 379 million. Similarly to the Mazza notary, the plaintiffs complain that the initiatives of the former Banca di Roma S.p.A. in the criminal and civil proceedings, caused financial, moral, existential and personal injury damages to Camillo Colella, as well as damages for the loss of important commercial opportunities, as well as image, reputational and commercial damage to Como S.r.l. The proceeding is in its conclusive phase.

In the view of the parent company UniCredit S.p.A., these lawsuits currently appear to be unfounded. The parent company UniCredit S.p.A. has made a provision it deems consistent to cover the risk resulting from unlawful credit transactions, which is essentially equal to the residual credit of the parent company UniCredit S.p.A..

### **So.De.Co. - Nuova Compagnia di Partecipazioni S.p.A.**

So.De.Co. S.r.l. (**So.De.Co.**), following to a restructuring transaction by which it acquired the “oil” business from the parent company Nuova Compagnia di Partecipazione S.p.A. (**NCP**), was sold to Ludoil Energy Srl in November 2014.

In March 2016, So.De.Co., then controlled by Ludoil, summoned before the Court of Rome its former directors, NCP, the parent company UniCredit S.p.A. (in its capacity as holding company of NCP) and the external auditors (PricewaterhouseCoopers S.p.A. and Deloitte & Touche S.p.A.) claiming damages of approximately €94 million against the defendants, on a several and joint liability basis allegedly deriving from the failure to quantify, since at least 2010, the statutory capital loss, from the insufficient provisions for charges and risks

related to environmental issues, and from the unreasonably high price paid for the acquisition of the “oil” business units and subsidiaries from NCP in the context of the group reorganization of the “oil” business.

The parent company UniCredit S.p.A. has been sued by deducing the unfounded nature of the claim and the absence of the damage complained of. On 9 May 2017, the judge rejected all plaintiffs’ requests for evidence collection and scheduled the hearing for filing the conclusions for 12 February 2019. The proceeding is in its conclusive phase.

In November 2017, So.De.Co. served a claim against NCP and former directors on the same matter previously subject to a mediation, which had ended with no agreement between the parties. The first hearing, scheduled for 20 February 2018, was adjourned to 15 January 2019 to allow the renovation of a previously incomplete service of the claim. At such hearing, the case was adjourned to 11 June 2019 before which the parties will have the chance to file evidentiary briefs.

### ***Criminal proceedings***

At the date of this Base Prospectus, certain entities within the UniCredit group and certain of its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as the parent company UniCredit S.p.A. is aware, are under investigation by the competent authorities with regard to various cases linked to banking transactions, including, specifically, in Italy, the offence pursuant to Article 644 (*usury*) of the Criminal Code.

At the date of this Base Prospectus, these criminal proceedings have not had significant negative impact on the operating results and capital and financial position of the parent company UniCredit S.p.A. and/or the Group, however there is a risk that, if the parent company UniCredit S.p.A. and/or other UniCredit group entities or their representatives (including those no longer in office) were to be convicted, these events could have an impact on the reputation of the parent company UniCredit S.p.A. and/or the UniCredit group.

On 14 December 2018, the Public Prosecutor of the Court of Tempio Pausania dismissed the parent company UniCredit S.p.A. from the criminal proceedings it had initiated, as the alleged violation of Article 24-ter of Legislative Decree 231/2001 became time-barred.

### **Labour-Related Litigation**

UniCredit is involved in employment law disputes and, as at 31 December 2018, there were pending disputes brought against it. In general, provisions have been made, judged by UniCredit to be adequate, for all employment law disputes to cover any potential disbursements and in any event UniCredit does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial position.

#### ***Lawsuits filed against UniCredit by members of the former Cassa di Risparmio di Roma Fund***

These lawsuits, having been won in earlier proceedings by UniCredit, hang on appeal cases brought before the relevant courts of appeal and the Court of Cassation in which the main claim is a request that the funding levels of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. As at 31 December 2018, with reference to the main claim, the relief sought is estimated at €384 million. No provisions were made as these actions are considered to be unfounded.

### **Proceedings Related to Tax Matters**

#### ***Proceedings before Italian Tax Authorities***

As at the date of this Base Prospectus, there are tax proceedings involving counterclaims pending in relation to UniCredit and other companies belonging to the UniCredit Group, Italian perimeter. As at 31 December 2018, there were 486 tax disputes for an overall amount equal to €275,14 million, net of disputes settled which are referred to below.

As of 31 December 2018 the total amount of provisions for tax risks amounted to €182,13 million (including provisions for legal expenses).

### **Pending cases arising during the period**

During 2018 UniCredit S.p.A. and certain controlled companies have been served some deeds among which the most relevant are reported:

- (i) nine notices of assessment, for a total amount of €4.9 million, served with regard to registration tax on guarantees referred to loans subject to the substitute tax provided for by D.P.R. 601/1973. Against all the notices of assessment the bank has filed claims with the tax court and has requested the cancellation to the Tax Authorities. As of December 31, 2018, the Tax Authorities have cancelled all the notices of assessment;
- (ii) a notice of assessment, served to UniCredit S.p.A. as the consolidating entity for tax purposes, regarding IRES 2013 referred to Pioneer Investment Management S.G.R.p.A., with which the Tax Authorities have challenged transfer pricing related items, similarly to what happened with respect to the fiscal years from 2006 to 2012. The higher IRES tax requested is equal to €4.4 million, plus interest, and no penalty has been applied since the Tax Authorities have expressly recognized the compliance with the transfer pricing documentation regime;
- (iii) a deed referred to the fiscal monitoring regime, with which an administrative penalty regarding equal to €1 million has been issued which, according to the applicable law, can be defined by means of the payment of €0.36 million;
- (iv) in September 2018 the Italian Customs notified to Nuova Compagnia di Partecipazioni S.p.A. and to So.De.Co. S.r.l., a company previously controlled, a tax audit report referred to alleged violations regarding VAT and excises; the amount which can be potentially referred to So.De.Co. S.r.l., limited to joint liability for excises allegedly unpaid, is equal to €7.5 million, plus penalties (which will be determined subsequently by the competent Customs Office). No further deed has been notified by the Tax Authorities.

Moreover:

- (i) to UniCredit Bank A.G. - Italian branch, in October 2018, after a tax audit regarding 2012 and 2013, the Tax Authorities have notified a tax audit report regarding IRES, IRAP and VAT. The remarks concerning IRES and IRAP, referred to alleged violations regarding transfer pricing, have been defined by means an out of Court settlement. In comparison with a higher taxable base assessed equal to €9.5 million (for the two fiscal years), the higher taxable base defined is equal to €5.9 million (for the two fiscal years). Therefore, the company paid higher IRES and IRAP taxes equal to €2.4 million, plus interest, while no administrative penalty has been applied since, also in this case, the Tax Authorities have expressly recognized the compliance with the transfer pricing documentation regime. As for VAT, the remarks arising from the tax audit report are referred to the effects of the decision no. C-7/13 (Skandia) of the EUCJ and the higher tax assessed amounts to, respectively, €5.5 million for 2013 and €6 million for 2014. In December 2018 the Tax Authorities served a notice of assessment for VAT 2013, bearing, in addition to the higher tax of €5.5 million, also administrative penalties, equal to €6.2 million, and interest;
- (ii) to UniCredit Services S.C.p.A. (formerly UniCredit Business Integrated Solutions S.C.p.A.) the Tax Authorities notified a questionnaire regarding transfer pricing for 2013;
- (iii) to UniCredit S.p.A. the Tax Authorities notified a questionnaire regarding the tax treatment of dividend paid by Banca d'Italia in 2013 and 2014.

All the requests of information have been answered within the due date indicated by the Tax Authorities.

Updates on pending disputes and tax audits

As for 2018, the following information is reported:

- (i) with respect to the registration tax allegedly due for the registration of the rulings that had settled a number of opposition proceedings regarding the liability status of the companies of the “Costanzo Group”, the Tax Authorities have recognized as partly not due the registration tax requested, for a

total amount of €8.95 million. Therefore, the total value of all the litigations is reduced to €18.95 million. In addition the second Degree Tax Court of Catania has issued a decision in favor of the bank relating to a notice of assessment of €0.23 million. Currently, all the litigations are pending and, in one case, the Tax Authorities filed a claim with the Supreme Court; with respect to this litigation, the bank has challenged the claim of the Tax Authorities;

- (ii) in the financial statements as of December 31, 2017, a favorable decision, definitive, has been mentioned, which had cancelled the notices of assessment served to UniCredit Leasing S.p.A. for IRES and VAT 2005 (total value €120 million). As a consequence, the Tax Authorities have cancelled also the notice of assessment served to UniCredit S.p.A. for IRES 2005 (as the consolidating company for tax purposes), for a total value of €19 million;
- (iii) in 2017 the Tax Authorities served to UniCredit S.p.A. a notice of assessment referred to the company Dicembre 2007 S.p.A., liquidated, of which UniCredit S.p.A. was a shareholder. The deed refers to the allegedly incorrect application of the participation exemption regime for the purposes of IRES due for 2011. The total amount requested is equal to €14.6 million, plus interest (€7.7 million for higher IRES and €6.9 million for penalties) and it has been requested jointly to all the former shareholders. UniCredit S.p.A. is liable up to 46.67% of the higher sums requested; therefore, the share referred to UniCredit S.p.A. is equal to €6.9 million. The company has filed a claim with the Tax Court, which has cancelled the notice of assessment. The Tax Authorities have filed an appeal;
- (iv) with respect to UniCredit S.p.A. the Italian Supreme Court issued two decisions relating to the application of higher IRAP tax rate for the Region Veneto, for 2004. The litigation arises from the increase of 1% of the IRAP tax rate, applicable to banks and financial companies, provided for by the Region Veneto for 2002 and subsequent years. Such increase has given rise to the requests of payment of the higher tax and against such requests of payment the company filed claims with the Tax Courts. In general terms, the Supreme Court has, initially, ruled that the aforementioned increase was not legitimate, due to a violation of the general prohibition of the increase of the regional IRAP rates provided for by Law 289/2002; subsequently, the Court changed its interpretation, stating that the increase is legitimate only up to 0.5%, since such value should be grounded in the founding Law of IRAP tax. The aforementioned two decisions have confirmed the latter interpretation, however referring the litigations to the second degree Tax Court for additional factual inquiries. The total value of such litigations is equal to €3.2 million;
- (v) moreover, the Supreme Court has definitively ruled in favor of the bank, with respect to a notice of assessment regarding registration tax on a decision that settled an opposition proceeding regarding the liability status of a company. The notice of assessment has been entirely cancelled, for a total amount of €2 million;
- (vi) again, the Supreme Court has issued a favorable decision regarding a VAT assessment for 2000. The value of the litigation is equal to €0.5 million;
- (vii) finally, the Supreme Court has issued a decision with which it has referred the parties to the second degree Tax Court, with respect to a litigation regarding the 1984 IRPEG tax credit pertaining to former Banco di Sicilia. The refund of this credit has been requested by Banco di Sicilia with respect to the former Cassa Centrale di Risparmio Vittorio Emanuele per le Province Siciliane, a company of which Banco di Sicilia had acquired the business activity. In particular, the decision pertains to the case in which the taxpayer has filed a tax return requesting the refund of a tax credit and, subsequently, the Tax Authorities have served a notice of assessment (thus increasing the taxable income reported) against which the taxpayer has filed a claim, giving rise to a litigation. According to the Court, if the taxpayer benefitted from the tax amnesty, provided for by Law 289/2002, in order to define such litigation, the definition should imply the full acceptance of the assessment and therefore, the taxpayer should be no more entitled to receive the tax credit. In this case, the Court has referred the parties to the second degree Tax Court for further factual inquiries. The value of the litigation is equal to €69 million (including principal and interest). It should be added that the litigation regarding the notice of assessment, defined by means of the tax amnesty, was referred to higher IRPEG tax equal to €4.5 million, in comparison to a tax credit equal to €25.6 million (for principal). With reference to risks arising from this litigation, adequate provisions have been posted in the financial statements

- (viii) UniCredit Leasing S.p.A. has settled out of court several notices of assessment regarding VAT and IRAP for the fiscal years from 2010 to 2012. In comparison to a total amount requested of €22.8 million (plus interest) pursuant to the aforementioned settlements the company paid a total amount of €2.6 million (plus interest).

#### ***Proceedings connected with Supervisory Authority Measures***

The UniCredit Group is subject to complex regulation and supervision by, *inter alia*, the Bank of Italy, CONSOB, the EBA, the ECB within the European System of Central Banks (ESCB), as well as other supervisory authorities. In this context, the UniCredit Group is subject to normal supervision by the competent authorities. Some supervisory actions have resulted in investigations and charges of alleged irregularities that are in progress as at the date of this Base Prospectus. The Group has acted to prove the regularity of its operations and does not believe that these proceedings could have negative consequences for the business of the UniCredit Group.

#### ***Italy***

Bank of Italy Inspections:

- (b) In April 2016, Bank of Italy began looking into the “Remuneration methods of loans and overdrafts” at UniCredit, which was concluded at the end of May 2016. The Bank of Italy formulated its observations during the Board of Directors’ meeting held on 15 December 2016. The supervisory authority highlighted several shortcomings, already, to a great extent, addressed by UniCredit and, more specifically, relating to: (i) the complete inclusion of the provisions on loans with the related integration of corporate regulations; (ii) the criterion for calculating the daily available balance; (iii) the reasons for transactions exempt from fast credit processing fees (CIV); and (iv) the structure of ex-post checks. On 15 February 2017, UniCredit provided the Bank of Italy with exhaustive answers, fully taking into account the corrective measures that have been and/or will be implemented by June 2019.
- (c) In February 2017, the Bank of Italy launched an inspection related to “Governance, Operational Risk, Capital and AML” of UniCredit’s subsidiary Cordusio Fiduciaria S.p.A. concluded in April 2017. The final results were notified in June 2017, while UniCredit sent its reply and action plan on 3 August 2017. The remedy actions will be completed by December 2019.
- (d) In November 2017, the Bank of Italy launched an inspection related to “Transparency and Usury” of UniCredit, concluded in February 2018. The final results were notified to UniCredit in June 2018 highlighting shortcomings mainly related to: (i) preparation of some unilateral modification of contract conditions, (ii) product approval process, (iii) internal and compliance controls. UniCredit sent an action plan to the regulator in September 2018. The remedy actions will be completed by December 2019.
- (e) In January 2019 the Bank of Italy launched an inspection related to “AML Anti Money Laundering”, concluded in May 2019. The final results have not yet been notified to UniCredit.
- (f) In May 2019 the Bank of Italy launched a “General Inspection” of UniCredit’s subsidiary Cordusio SIM. The on-site phase started on 13 May 2019 and is currently ongoing.

ECB Inspections:

- (a) In September 2016, the ECB launched an inspection into the “IRBB management and risk control system”, which was concluded in December 2016. In June 2017, UniCredit was notified of the findings of the inspection and on 12 September 2017 delivered the action plan to the ECB. The remedy actions will be completed by March 2020.
- (b) In September 2016, the ECB launched an inspection into the “Governance and Risk management – governance structure and business organisation of the foreign branches of UCB AG”, which was concluded in December 2016. In July 2017, UCB AG was notified of the findings of the inspection and on 11 August 2017 delivered the action plan to the ECB. The remedy actions were concluded by March 2019.



- (c) In the second and third quarter of 2017, UniCredit was involved in a horizontal thematic review on the profitability. This aspect had been identified by the ECB amongst the principle supervisory priorities by the ECB and has been held also at other significant banks. After this thematic review, the ECB has informed UniCredit of its valuations in May 2018, to which the bank replied with an action plan to address the findings reported by the ECB.
- (d) As disclosed in the ECB's "2017 Planned Supervisory Activities" sent in January 2017, in March 2017, the ECB announced an inspection related to "Collateral, provisioning and securitisation" of the Group. The inspection was launched in April 2017 and concluded in July 2017. In December 2017 UniCredit was notified of the findings of the inspection and on 24 January 2018 UniCredit delivered the action plan to the ECB. The remedy actions were completed by March 2019.
- (e) In May 2017, the ECB provided UniCredit with the results of the Thematic Review of the risk data aggregation capabilities and the risk reporting practices based on BCBS239 principles. The ECB found certain shortcomings, including inter alia governance and data reconciliation, at the UniCredit Group level. UniCredit provided at the end of September 2017 an action plan to address the ECB's findings. The remedy actions will be concluded by June 2019.
- (f) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in May 2017 the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Credit risk (PD, LGD, CCF/EAD)," with particular reference to: Retail secured by real estate non SME. The inspection was launched in July 2017 and concluded in September 2017. The final report was released in December 2017. The final ECB recommendation letter was received in August 2018. UniCredit provided a dedicated action plan in February 2018. The inspection did not report blocking criticalities. A limitation linked to missing factor within the LGD model was raised.
- (g) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in June 2017 the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Market risk (IRC, VaR, SVaR)," with particular reference to: Commodities risk, Debt instruments general risk, Debt instruments specific risk, Equity general risk, Equity specific risk, Forex risk. The inspection was launched in September 2017 and concluded in December 2017. The final ECB recommendation letter was received in January 2019. UniCredit provided ECB with a dedicated action plan in February 2019.
- (h) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in July 2017, the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Credit risk (PD, LGD)," with particular reference to: Corporate – SME including the assessment of an approval of material change related to PD and LGD for Corporate – SME. The inspection was launched in October 2017 and concluded in February 2018. The final ECB recommendation letter was received in January 2019. UniCredit provided a dedicated action plan in February 2019.
- (i) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in September 2017 the ECB announced a TRIM Targeted Review of Internal Models inspection related to "Credit risk (PD)," with particular reference to: Retail other SME, including an assessment of an approval of material change related to Credit risk (PD) for Retail other SME. The inspection was launched in November 2017 and concluded in March 2018. The final results were notified in May 2018. Upon receipt of ECB recommendation letter in January 2019, UniCredit provided a dedicated action plan in February 2019.
- (j) As disclosed in ECB "2017 Planned Supervisory Activities" sent in January 2017, in August 2017, the ECB announced an inspection related to "IT risk" of UniCredit Group. The inspection was launched in October 2017 and concluded in December 2017. The final results were notified in April 2018, mainly highlighting areas of improvement on some IT access rights processes. UniCredit delivered the action plan to ECB in July 2019. The remedy actions will be concluded by December 2019.
- (k) As disclosed in ECB "2018 Planned Supervisory Activities" sent in January 2018, in February 2018 the ECB announced an inspection related to "Internal Governance – Compliance Function" of the UniCredit Group. The inspection was launched in April 2018 and concluded in July 2018. The final results were notified in October 2018, mainly highlighting areas of improvement on: (i) compliance oversight, (ii) compliance monitoring, (iii) launch of new products, (iv) monitoring of the consumer

protection area. The dedicated action plan was delivered to ECB in January 2019. The remedy actions will be concluded in December 2019.

- (l) As disclosed in ECB “2018 Planned Supervisory Activities” sent in January 2018, in March 2018 the ECB announced an inspection related to “Market Risk Framework, Policies and Procedures”, with particular reference to CEE countries. The inspection was launched in April 2018 and concluded in June 2018. The final results were notified in November 2018, highlighting some areas of improvement on: (i) governance and organization, (ii) risk strategy, limitation and management process, (iii) risk management in terms of Pillar I and Pillar II. UniCredit delivered the dedicated action plan to ECB in March 2019. The remedy actions will be completed by December 2019.
- (m) As disclosed in the ECB’s “2018 Planned Supervisory Activities” sent in January 2018, in March 2018 ECB announced an inspection related to “Credit Quality Review – Retail & SME-Portfolios” of UniCredit S.p.A. and subsidiaries in Italy. The inspection was launched in June 2018 and concluded in October 2018. The final results were notified in March 2019, highlighting some areas of improvement: (i) credit classification, (ii) forbearance granting and provisioning processes. UniCredit has already started a remediation plan.
- (n) As disclosed in the ECB’s “2018 Planned Supervisory Activities” sent in January 2018, in July 2018 the ECB announced an inspection related to the “Business Model” of UniCredit S.p.A. The inspection was launched in September 2018 and concluded in December 2018. The final results have not yet been notified to UniCredit.
- (o) As disclosed in ECB “2018 Planned Supervisory Activities” sent in January 2018, in July 2018 the ECB announced an inspection dedicated to “IT Services”. The inspection was launched in November 2018 and concluded in March 2019. The final results have not yet been notified.
- (p) In July 2018 the ECB notified to UniCredit the results of a review relating to the implementation of Commission Delegated Regulation (EU) 2015/61 with regard to the liquidity coverage requirement (LCR Deep Dive). UniCredit delivered the action plan to the ECB in August 2018. The remedial actions are planned to be concluded by March 2020.
- (q) As disclosed in ECB “2018 Planned Supervisory Activities” sent in January 2018, in September 2018 the ECB announced a TRIM – Targeted Review of Internal Models inspection related to “Counterparty Credit Risk” for the risk category “All-IMM”, including follow-up checking the remediation of previous IMI’s findings. The inspection spanned from October until December 2018 and the final assessment report was received on 7 May 2019 with no criticalities to be reported.
- (r) As disclosed in ECB “2019 Planned Supervisory Activities” sent in January 2019, the ECB announced a TRIM – Targeted Review of Internal Models inspection related to “Credit Risk” with focus on MNC and Sovereign (PD and LGD models). The inspection was launched on 21 January 2019 and was concluded in April 2019. The final results has not been notified.
- (s) As disclosed in ECB “2019 Planned Supervisory Activities” sent in January 2019, in March 2019 the ECB announced an inspection dedicated to “Information Security”. The inspection was launched in April 2019.
- (t) As disclosed in the ECB’s “2019 Planned Supervisory Activities” sent in January 2019, in March 2019 the ECB announced an inspection dedicated to “Credit Lending Processing, Underwriting Standards and Delegations”. The inspection has been launched on 6 May 2019 and is expected to end in July 2019.
- (u) As disclosed in ECB “2019 Planned Supervisory Activities” sent in January 2019, in March 2019 the ECB announced an inspection dedicated to “Business Model CIB”. The inspection will start in June 2019.
- (v) As disclosed in ECB “2019 Planned Supervisory Activities” sent in January 2019, the ECB announced a TRIM – Targeted Review of Internal Models inspection related to “Credit Risk” with focus on Banks PD/LGD models and Group Wide EAD model, including the assessment of material model change

only for GW EAD model. The inspection has been launched on 6 May 2019 and it is expected to end in July 2019.

- (w) As disclosed in ECB “2019 Planned Supervisory Activities” sent in January 2019, the ECB announced a TRIM – Targeted Review of Internal Models inspection related to “Credit Risk” with focus on GLOBAL PROJECT FINANCE (GPF) PD/LGD models. The inspection will be launched on 21 May 2019 and it is expected to end in July 2019.

#### AGCM Inspections:

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

On 28 April 2017, the AGCM issued a final notice whereby it confirmed that the practices carried out by the ABI, UniCredit and the other banks in connection with the adoption of the SEDA service model of compensation constituted an anti-competitive practice and therefore a violation of European competition regulations. With such notice, the AGCM ordered the parties to cease the infringement, submit a report evidencing the relevant measures adopted by 1 January 2018 to the AGCM, and refrain from enacting similar practices in the future. Given the fact that the infringements were minor in light of the legislative framework, the AGCM did not impose any monetary or administrative sanctions against UniCredit (or the other ten banks) also in consideration of the fact that, in the course of the proceeding, the ABI and the banks proposed a redefined SEDA service remuneration model which, if correctly implemented by the banks, is expected to decrease the current SEDA costs by half, which benefits the enterprises utilizing the service and, ultimately, the end-users of the utilities. On 1 February 2018, the AGCM communicated that it examined the compliance report relating to the proceeding in question concerning the SEDA service and, on the basis of the information presented therein, considered the procedures put in place in line with the measures indicated in the provision closing of the preliminary investigation. UniCredit decided to appeal the AGCM decision at the TAR (the Italian regional court). As at the date of this Base Prospectus, the appeal filed *vis-à-vis* the regional court is still pending.

In April 2017, the AGCM extended to UniCredit (and to one other bank) the proceeding opened in January 2017 against IDB S.p.A. and IDB Intermediazioni S.r.l.. In October 2017, the AGCM imposed pecuniary administrative penalties against the parties (€4 million against UniCredit), for an alleged unfair commercial practice relating to investment in diamonds. UniCredit decided to appeal the AGCM decision at the TAR. On 14 November 2018, the TAR rejected the appeal. UniCredit appealed the TAR decision before “*Consiglio di Stato*” (Supreme Administrative Court). As of the date of this Base Prospectus, the proceedings are still pending.

In April 2017, the AGCM launched proceedings against UniCredit (and against two more banks), at the same time requesting information, relating to alleged unfair commercial practice concerning compound interest (so called “*anatocismo*”). In November 2017, the AGCM imposed pecuniary administrative penalties against UniCredit and other banks (€5 million applied to UniCredit). UniCredit appealed the AGCM decision before the TAR. At the date of this Base Prospectus, the proceedings are still pending.

#### European Commission

On 31 January 2019, UniCredit received a Statement of Objections from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extends to certain periods from 2007 to 2012, and includes alleged activities by one of UniCredit’s subsidiaries in a part of this period. The Statement of Objections does not prejudge the outcome of the proceeding; should the Commission conclude that there is sufficient evidence of an infringement, a decision prohibiting the conduct and imposing a fine could be adopted, with any fine subject to a statutory maximum of 10% of company’s annual worldwide turnover.

UniCredit had access to the entirety of the European Commission’s file on the investigation from 15 February 2019 onwards. As a result of the assessment of the files, the Bank regards it no longer remote but possible, even though not likely, that a cash outflow might be required to fulfill a potential fine arising from the outcome of the investigation. On the basis of the current information, it is not possible to reliably estimate the amount of any potential fine at the present date.

UniCredit has responded to the raised objections on 29 April 2019. There is no legal deadline for the Commission to complete antitrust inquiries.

### **Germany**

In Germany various authorities exercise supervisory activities over UCB AG.

The main authorities are the BaFin and the Bundesbank, and from 4 November 2014, responsibility for Banking Supervision was transferred from BaFin to the ECB under the scope of the SSM.

If there are any findings during the inspections conducted by these authorities, UCB AG will implement the corrective measures in compliance with the mitigation plans and the time scales agreed with the authorities and provide these authorities with information about the implementation status of the corrective measures on a quarterly basis or when requested.

In 2013, UCB AG was contacted by the U.S. Commodity Futures Exchange Commission, the UK Financial Conduct Authority (FCA) and BaFin under the scope of an investigation aimed at verifying a possible market manipulation of exchange rates (FX), specifically the benchmark FX rate published by Reuters. UCB AG launched an internal investigation conducted by the Internal Audit Department of UCB AG; this investigation did not reveal any evidence of involvement by UCB AG in the manipulation of the benchmark FX. At the date of this Base Prospectus, UCB AG did not have further requests from the authorities involved.

### **BCE**

In 2015, the ECB conducted three inspections at UCB AG involving (i) the Compliance function of UCB AG with regard to the requirements of the risk management regulations (*MaRisk*); (ii) the “Credit risk management of the loan portfolio of Financial Institutions, Banks and sovereign entities (**FIBS**); and (iii) the “Quality of internal and external reporting”. In response to the ECB findings, remedial actions in each of these areas were completed between June and September 2017.

- Specifically, with regard to the inspection of the UCB AG Compliance function aimed at checking the operation and adequacy of internal procedures, processes and resources employed (*MaRisk*), UCB AG prepared a mitigation plan and sent it to the ECB. All the remedial actions were completed by September 2017.
- With regard to the inspection on the credit risk management of the FIBS portfolio – upstream loans – aimed at verifying the adequacy of the organisational structure, internal procedures and processes, as well as the credit risk management of the FIBS portfolio for the sound and prudent management of the credit institution – the ECB disclosed its findings, three of which have yet to be concluded at the date of this Base Prospectus. The mitigation actions were completed by September 2017.
- Lastly, as far as the “Quality of internal and external reporting” is concerned, the ECB looked into the Financial Reporting Framework (FINREP) and the Common Reporting Framework (COREP). The mitigation actions were completed by June 2017.

In February 2016, the ECB launched an inspection involving UCB AG’s corporate portfolio management aimed at verifying the adequacy of the organizational structure, internal procedures and processes, as well as the management of the Corporate portfolio’s credit risk for the sound and prudent management of the credit institution. The inspection was concluded in April 2016. The ECB notified UCBAG of the findings in December 2016, highlighting the following areas of improvement: (i) monitoring process and information flow between Risk Management and monitoring units; (ii) rating model monitoring, development and validation; (iii) risks and provisions guidelines implementation; and (iv) bulk risk information to the board. The remediation actions were completed by March 2018.

In September 2016, the ECB launched an inspection on “Governance structure and business organization of the foreign branches of UCB AG”, which was concluded in December 2016. In July 2017, UCB AG was notified of the findings of the inspection, highlighting the following areas of improvement: (i) organizational set up and guidelines; (ii) internal reporting; (iii) outsourcing. On 11 August 2017, UCB AG delivered the action plan to the ECB. The remedy actions were concluded by March 2019.

As disclosed in ECB “2017 Planned Supervisory Activities” sent in January 2017, in May 2017, the ECB announced an inspection related to “Business model and profitability” of UniCredit subsidiaries UCB AG and UniCredit Luxembourg SA. The inspection was launched in May and concluded in July 2017. The final results were notified in December 2017, highlighting some areas of improvement: (i) strategic planning and budgeting process; (ii) cost cutting and fte reduction strategy; (iii) ICT strategy; (iv) organisational set-up and guidelines. In March 2018 UCB AG sent the action plan to the regulator. The remedy actions were concluded by March 2019.

### ***Austria***

UCB Austria is subject to regulation by the CRR and the Austrian Consolidated Banking Act (*Bankwesengesetz*, BWG) which transposes the CRD IV into Austrian law.

From 4 November 2014, responsibility for banking supervision was transferred from the Financial Market Authority (*Finanzmarktaufsicht* - **FMA**) to the ECB under the scope of the SSM.

### ***FMA***

Between December 2012 and February 2013, the Austrian Central Bank (**OeNB**) and the FMA conducted a joint investigation with regard to the loan portfolio of UCB Austria and several subsidiaries. The main objective of this initiative was to check the progress of the action plan prepared following a previous investigation conducted in 2010 into the same subject. The intervention found that UCB Austria, in spite of implementing suitable mitigation actions, did not conform to the expectations of the supervisory authority with regard to the availability and quality of data, credit risk parameters and Group standards. Therefore, following the conclusion of the OeNB and FMA intervention, UCB Austria submitted a plan for the implementation of further corrective measures. The mitigation actions required involve: (i) human resources in the areas of operational and strategic management of credit risk; (ii) the implementation of important Group/standard regulations for the management of credit risk in Group companies operating in CEE countries; (iii) the risk parameters in Group companies operating in CEE countries; (iv) country limits; and (v) reporting on credit risks, and they were all correctly implemented, although the mitigation actions relating to certain findings involving Group standards were implemented after the deadline agreed in the plan.

In relation to the compliance function of UCB Austria, in 2012, the FMA conducted an inspection into the provisions of the Sanctions Act § Foreign Exchange Act. Following this, 16 findings were drawn up - relating to the inadequacy of human resources, documentation and IT systems within the structure dealing with financial sanctions - which have been concluded in full in compliance with the plan.

In September 2017, the FMA completed an on-site inspection of the UCB Austria’s overall AML framework, including but not limited to all AML and KYC related processes and procedures as well as the implemented IT solutions and all other AML related activities (e.g. trainings) based on samples. The final inspection report was received on February 2018. The report consists of seven Findings. An Action Plan will be set-up and provided to FMA.

At the end of a proceeding conducted in 2017 against UCB Austria by FMA and concerning AML and terrorism financing regulations, UCB Austria received a decision from FMA imposing a fine in the amount of € 66.000,00. UCB Austria decided to appeal against the FMA’s decision.

### ***BCE and OeNB***

At the end of 2014, the OeNB launched an on-site investigation into the management of participatory risk. Activities were concluded in December 2014 and in March 2015 the report was published, which highlighted findings of a methodological nature in four main areas - adequacy of UCB Austria’s capital at an individual level, methodological aspects of the ICAAP model, determining the price of intra-group funds and management of the results for CEE subsidiaries. UCB Austria prepared an action plan and sent it to the OeNB in April 2015. At the end of 2015, following the recommendations drawn up by the ECB which confirmed the findings of the OeNB, UCB Austria made changes to the action plan previously agreed. The mitigation actions requested involved the findings with regard to capital adequacy, methodological aspects of the ICAAP model and determining the price of intra-group funds, and were correctly implemented in compliance with the plan agreed with the ECB.

In March 2015, the ECB delegated an inspection to the OeNB of the risks relating to FX retail loans. This inspection was concluded in June 2015 and the findings were issued in October 2015, confirming the existence of an action plan undertaken by UCB Austria which the ECB was notified of. The status of the actions is reported to the ECB on a quarterly basis. All the mitigation actions aimed at, among other things, the stress testing methods, the FX retail loans strategy, FX portfolio reporting and communications with customers, were implemented in compliance with the plan.

As disclosed in ECB “2017 Planned Supervisory Activities” sent in January 2017, in August 2017, the ECB announced an inspection related to “Business model and profitability” of UniCredit subsidiary, UniCredit Bank Austria AG. The inspection was launched in October 2017 and concluded in December 2017. The final results were notified in April 2018, highlighting some areas of improvement: (i) strategic planning; (ii) capital stress tests; (iii) transformation risk; (iv) corporate pricing approval control framework; (v) allocation of net write-downs and provisions to corporate center; (vi) liquidity cost benefit allocation; (vii) performance measurements; (viii) IRBB model risk. Upon receipt of ECB recommendation letter, UniCredit Bank Austria AG has delivered a dedicated action plan in July 2018. The remedy actions will be concluded by December 2019.

### ***Other countries***

The other banks operating in countries where the Group has a presence are subject to normal regulatory activities: inspections, checks and investigations or assessment procedures by the various local supervisory authorities. Depending on the country, the authorities carry out regular checks on the activities and financial status of the various Group entities with differing frequencies and using different methods. Upon the outcome of these checks, the relevant supervisory authorities can impose the adoption of organisational measures and/or impose fines.

### ***Turkey***

#### ***TCA***

Following the inspection launched in November 2011, with regard to Yapi ve KrediBankası A.Ş. (**YKB**) and other eleven Turkish banks, in March 2013 the Turkish AntiTrust Authority (**TCA**) announced that it was imposing monetary administrative fines on these banks for the alleged violation of Turkish law on protecting competition. The amount of the fine imposed on YKB came to TRY 149,961,870 (equal to over €63 million). Despite YKB believing it had acted in compliance with the law, in August 2013 the bank benefited from the reduced early payment of the fine pursuant to Turkish law of TRY 112,471,402 (equal to 75 per cent. of the administrative fine imposed and equal to approximately €50 million). In September 2013, YKB also appealed against the TCA’s decision asking for it to be annulled and also asking for its advance payment to be returned. Following the rejection of the appeal made by YKB in April 2015, in August 2016 YKB submitted a further appeal which, at the date of this Prospectus, is still pending.

#### ***Ministry of Customs and Trade***

In addition, in September 2016, following an investigation launched on account of the alleged violation of consumer protection laws under the scope of several transactions dated between 2011 and 2015, the Turkish Ministry of Customs and Trade imposed an administrative fine of TRY 116,254,138 (equal to approximately € 31 million) on YKB. In September 2016, YKB benefited from the reduced early payment of the fine pursuant to Turkish law of TRY 87,190,604 (equal to 75 per cent. of the original fine and equal to approximately €23 million) and in October 2016 it appealed against the fine asking for its advance payment to be returned. Following the rejection of this request, in August 2017, YKB has appealed to the Regional Administrative Court. As at the date of this Base Prospectus, the proceedings are still pending.

## **PRINCIPAL SHAREHOLDERS**

As at 9 May 2019, UniCredit’s share capital, fully subscribed and paid-up, amounted to €20,994,799,961.81, comprising 2,233,376,842 ordinary shares.

UniCredit's ordinary shares are listed on the Italian, German and Polish regulated markets<sup>43</sup>. The shares traded on these markets have the same characteristics and confer the same rights on the holder.

As at 9 May 2019, according to available information, the main shareholders holding, directly or indirectly, a relevant participation in UniCredit were:

Major Shareholders	Ordinary Shares	% owned <sup>(1)</sup>
Aabar Luxembourg S.a.r.l.	112,561,154	5.040
Dodge & Cox	111,715,904	5.002 <sup>(2)</sup>
Norges Bank	67,462,705	3.021

<sup>(1)</sup> at the date of 9 May 2019.

<sup>(2)</sup> non-discretionary asset management.

Article 120, paragraph 2, of the Financial Services Act, as a consequence of Legislative Decree No. 25/2016, sets forth that holdings exceeding 3 per cent. of the voting capital of a listed company shall be communicated to both the latter and to CONSOB.

At the date of this document approval, there is no limitation to the exercise of voting rights.

No individual or entity controls UniCredit within the meaning provided for in Article 93 of the Financial Services Act, as amended.

## MATERIAL CONTRACTS

Except for the ordinary course of business, UniCredit has not entered into any material contract which could materially prejudice its ability to meet its obligations under the Notes.

## MANAGEMENT

### Board of Directors

The board of directors (the **Board** or the **Board of Directors**) is responsible for the strategic supervision and management of UniCredit and the Group and it may delegate its powers to the Chief Executive Officer (CEO) and other Board members.

The Board is elected by UniCredit shareholders at a general meeting for a three financial year term, unless a shorter term is established upon their appointment, and Directors may be re-elected. Under UniCredit Articles of Association, the Board is composed of between a minimum of 9 and a maximum of 24 members.

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 12 April 2018 for a term of three financial years and is composed of 15 members. The term in office of the current members of the Board will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2020. The Board can appoint one or more General Managers and/or one or more Deputy General Managers, establishing their roles and areas of competence. Should a Chief Executive Officer not have been appointed, the Board of Directors shall appoint a sole General Manager, and can appoint one or more Deputy General Managers, establishing their roles and areas of competence. The Board has appointed Mr. Jean Pierre Mustier as CEO to whom it has entrusted the management of the Company within the terms and limits set forth by the Board itself.

The following table sets forth the current members of UniCredit's Board of Directors.

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<sup>43</sup> Further to the disposal of the controlling equity interest in Bank Pekao in June 2017, according to the Polish Law and after discussions with the relevant Authorities, the UniCredit Shareholders' Meeting (held in Milan on 11 April 2019) authorized the Board of Directors to purchase and dispose of a maximum number of UniCredit ordinary shares to be carried out within 18 (eighteen) months from the date of the Shareholders' resolution in order to initiate the procedure aimed at obtaining the delisting of the UniCredit shares from the trading on the Warsaw Stock Exchange (so called "delisting").

<b>Name</b>	<b>Position</b>
Fabrizio Saccomanni <sup>1</sup>	Chairman
Cesare Bioni <sup>2</sup>	Deputy Vice Chairman
Jean Pierre Mustier <sup>1-3</sup>	Chief Executive Officer
Mohamed Hamad Al Mehairi <sup>2</sup>	Director
Lamberto Andreotti <sup>2</sup>	Director
Sergio Balbinot <sup>1</sup>	Director
Martha Dagmar Böckenfeld <sup>2</sup>	Director
Vincenzo Cariello <sup>2</sup>	Director
Elena Carletti <sup>2</sup>	Director
Isabelle de Wismes <sup>2</sup>	Director
Stefano Micossi <sup>2</sup>	Director
Maria Pierdicchi <sup>2</sup>	Director
Francesca Tondi <sup>2</sup>	Director
Alexander Wolfgring <sup>2</sup>	Director
Elena Zambon <sup>2</sup>	Director

Notes:

- (1) Director that does not meet the independence requirements pursuant to Clause 20 of the Articles of Association and Section 3 of the Italian Corporate Governance Code.
- (2) Director that meets the independence requirements pursuant to Clause 20 of the Articles of Association, Section 3 of the Italian Corporate Governance Code and Section 148 of the Financial Services Act.
- (3) Director that does not meet the independence requirements pursuant to Section 148 of the Financial Services Act.

The business address for each of the foregoing Directors is in Milan, I-20154, Piazza Gae Aulenti 3, Tower A.

Other principal activities performed by the members of the Board which are significant with respect to UniCredit are listed below:

***Fabrizio Saccomanni***

- Deputy Chairman, member of the Board of Directors, of the Comitato di Presidenza and of the Executive Committee of ABI - Italian Banking Association
- Member of the Committee of Market Operators and Investors of CONSOB – Italy
- Member of the Executive Committee of Assonime – Italy
- Member of the Board of Consiglio per le Relazioni tra Italia e Stati Uniti (Italy)
- Chairman of the Comitato tecnico per la Vigilanza Unica Europea – ABI – Italy



- Member of the Board of Directors of Institute of International Finance – USA
- Member of the Board of Directors of ISPI - Istituto per gli Studi di Politica Internazionale – Italy
- Member of Comitato Scientifico Centro Studi Confindustria – Italy
- Member of the Comitato per la Corporate Governance – Italy
- Member of the Board of Istituto Luigi Einaudi – Italy
- Member of "Collegio di Indirizzo" of Fondazione Bologna Business School – Italy
- Member of the Trilateral Commission - Italian Group
- Member of the European Financial Services Round Table (EFR) - Belgium
- Member of the EUROPEAN COUNCIL ON FOREIGN RELATIONS – UK
- Senior Fellow, School of European Political Economy - LUISS GUIDO CARLI UNIVERSITY – Italy
- Deputy Chairman of ISTITUTO AFFARI INTERNAZIONALI – Italy
- Member of SOCIETA' ITALIANA DEGLI ECONOMISTI - Italy
- Chairman of the Board of Directors of Orchestra Filarmonica della Scala Association- Italy
- Member of the Board of Directors and Deputy Chairman of Fondazione Felice Gianani – Italy

***Cesare Bioni***

- Member of the Board of Directors of ABI - Italian Banking Association
- Member of the Board of Directors of Fondazione Universitaria Marco Biagi

***Jean Pierre Mustier***

- Shareholder of TAM S.à r.l.
- Shareholder of F.M. Invest SA
- Shareholder of Groupement Forestier Abbaye Grand Mont
- Shareholder of TAM Eurl
- Shareholder of Chelsea Real Estate
- Shareholder of HLD Associés
- Shareholder of Eastern Properties
- Shareholder of Bankable
- Shareholder of Dashlane Inc.
- Shareholder of Chili Piper Inc.

***Mohamed Hamad Al Mehairi***

- CEO and member of the Board of Directors of Aabar Investments PJS (Aabar)
- Board Member of Arabtec Holding PJSC (Arabtec)
- Board Member of Al Hilal Bank
- Board Member of Wessal Capital Asset Management S.A.
- Board Member of Palmassets S.A.
- Board Member of DEPA Limited
- Board Member of Emirates Investment Authority

***Lamberto Andreotti***

- Member of the Board of Directors of DowDuPont
- Senior Advisor of EW Healthcare

***Sergio Balbinot***

- Member of the Board of Management of Allianz SE
- Member of the Board of Directors of Allianz France S.A.
- Member of the Board of Directors of Allianz Sigorta A.S.
- Member of the Board of Directors of Allianz Yasam ve Emeklilik A.S.
- Member of the Board of Directors of Bajaj Allianz Life Insurance Co. Ltd
- Member of the Board of Directors of Bajaj Allianz General Insurance Co. Ltd
- Member of the Board of Directors of Borgo San Felice S.r.l.

***Martha Dagmar Böckenfeld***

- Chairman of DFG - Deutsche Fondsgesellschaft Invest S.E.
- Member of the Board of Directors of the following Generali Holding Ltd. (Switzerland) companies:  
  
Generali Personenversicherungen AG  
  
Generali General Insurance Ltd.  
  
Fortuna Rechtsschutz-Versicherungs-Gesellschaft AG  
  
Fortuna Investment AG
- Member of the Board of Directors of BlackRock Global Funds SICAV (BGF), BlackRock Strategic Funds (BSF), BlackRock Global Index Funds (BGIF)
- Member of the Advisory Board of Scope SE & Co. KgaA

***Vincenzo Cariello***

- none

***Elena Carletti***

- Scientific Director, European University Institute, Florence School of Banking and Finance (FDB)
- Member of the Advisory Scientific Committee, European Systemic Risk Board (ESRB) - European System of Financial Supervision
- Member of Expert Panel on banking supervision, European Parliament
- Member of the Executive Committee, European Finance Association
- Member of the Scientific Committee "Paolo Baffi Lecture", Bank of Italy
- Member of the Scientific Committee, Bruegel

***Isabelle de Wismes***

- none

***Stefano Micossi***

- Director General Assonime
- Member of the Board of Directors of the Centre for European Policy Studies
- Member of the Board of Directors and Executive Committee of European Issuers
- Member of the Corporate Governance Committee of the Milan Stock Exchange
- Member and Coordinator of the scientific Committee of Confindustria
- Chairman of the LUISS - School of European Political Economy
- Member of the Board of Directors and Treasurer of the International Yehudi Menuhin
- Founding member and coordinator of EuropEos
- Honorary Professor at the College of Europe

***Maria Pierdicchi***

- Non Executive Board Member and Chair of Human Resources Committee of Gruppo Autogrill
- Independent Board Member of Luxottica Group
- Non Executive Board Member of AURORA AS

***Francesca Tondi***

- Member of the Advisory Board of Angel Academe, London, UK
- Member of the Board of Directors of Angel Academe Nominee, London, UK
- Member of the Selection Committee, Mentor of Fintech Circle, London, UK

***Alexander Wolfgring***

- Member of the Board of Directors (Executive Director) of Privatstiftung zur Verwaltung von Anteilsrechten
- Member of the Board of Directors of AVZ GmbH
- Member of the Supervisory Board of Österreichisches Verkehrsbüro AG
- Chairman of the Supervisory Board of Verkehrsbüro Touristik GmbH
- Member of the Board of Directors of AVB Holding GmbH
- Member of the Board of Directors of API Besitz, GmbH
- Member of the Board of Directors of Mischek Privatstiftung

***Elena Zambon***

Zambon Group:

- Vice President of GEFIM S.p.A.
- President of ENAZ S.r.l.
- Member of the Board of Directors of IAVA S.r.l.
- Member of the Board of Directors of ITAZ S.r.l.
- Member of the Board of Directors of TANO S.r.l.
- Member of the Board of Directors of CLEOPS S.r.l.
- Member of the Board of Directors of Zambon Company S.p.A.
- President of Zambon S.p.A.
- Vice President of Zach Systems S.p.A.
- Member of the Board of Directors of Zeta Cube S.r.l.
- Member of the Board of Directors of ANGAMA S.r.l.
- President of Fondazione Zoè (Zambon Open Education)

Offices extra Zambon Group:

- President of Aidaf
- Member of the Board of Directors of FBN – Family Business Network
- Member of the Board of Directors of Istituto Italiano di Tecnologia (IIT)
- Vice President of Aspen Institute Italia
- Member of the Board of Directors of Ferrari N.V.

**Senior Management**

The following table sets out the name and title of each of the senior managers of the Issuer and of the Group:

<b>Name</b>	<b>Title</b>	<b>Other principal activities performed by the Senior Managers which are significant with respect to UniCredit</b>
Jean-Pierre Mustier	Chief Executive Officer	Please see Management – Board of Directors
Gianpaolo Alessandro	Head of Group Legal	Compagnia Aerea Italiana SpA - Member of the Board of Directors  MIDCO SpA - Member of the Board of Directors  UniCredit Bank AG – Chairman of the Supervisory Board
Carlo Appetiti	Chief Compliance Officer	None
Gianfranco Bisagni	co-Head Commercial Banking Central Eastern Europe	S.W.I.F.T. SCRL - Member of the Board of Directors  UniCredit Services S.C.P.A. - Member of the Board of Directors  AO UniCredit Bank - Member of the Supervisory Board and of the Remuneration Committee  Koc Finansal Hizmetler AS - Member of the Board of Directors  Yapi Ve Kredi Bankasi AS - Member of the Board of Directors
Paolo Cornetta	Head of Group Human Capital	UniCredit Bank AG – Member of the Supervisory Board and chairman of the Remuneration Control Committee;  ABI - Associazione Bancaria Italiana - Member of the Board of Directors, Executive Committee and Committee on Union and Labor Affairs (CASL)
Serenella De Candia	Head of Internal Audit	None
Ranieri de Marchis	co-Chief Operating Officer	Fondo Interbancario di Tutela dei Depositi – Vice chairman of the Board of Directors, vice chairman of the Management Committee and member of the Management Committee of Voluntary Scheme  Fondo Atlante – Member of the Investors Committee  ABI - Associazione Bancaria Italiana – Member of the Board of Directors and member of the Executive Committee  UniCredit Services Scpa – Chairman of the Board of Directors and member of the Internal Control and Risks Committee

Name	Title	Other principal activities performed by the Senior Managers which are significant with respect to UniCredit
Francesco Giordano	co-Head Commercial Banking Western Europe	UniCredit Bank Austria – Vice chairman of the Supervisory Board and of Audit Committee and member of the Remuneration Committee
		Anthemis Evo Llp – Member of the Management Board
		ABI - Associazione Bancaria Italiana – Member of the Board of Directors
		UniCredit Bank AG – Member of the Supervisory Board and member of the Audit Committee
Olivier Khayat	co-Head Commercial Banking Western Europe	Anthemis Evo Llp – Member of the Management Board
		UniCredit Advisory Board Italy - Chairman
		UniCredit International Bank (Luxembourg) SA – Vice chairman of Supervisory Board and chairman of Audit Committee
		UniCredit Bank Austria AG – Member of Supervisory Board and member of Audit Committee
		Kepler Cheuvreux S.A. – Member of Supervisory Board
TJ Lim	Group Chief Risk Officer	UniCredit Advisory Board Italy - Chairman
		none
Niccolò Ubertalli	co-Head Commercial Banking Central Eastern Europe	UNICREDIT CONSUMER FINANCING EAD – Member of Supervisory Board
		KOC FINANSAL HIZMETLER AS – Vice chairman of the Board of Directors
		YAPI VE KREDİ BANKASI AS – Vice chairman of the Board of Directors and member of the Remuneration Committee
Carlo Vivaldi	co-Chief Operating Officer	UNICREDIT SERVICES S.C.P.A. – Member of the Board of Directors
		UNICREDIT FOUNDATION (EX UNIDEA) – Member of the Board of Directors
		KOC FINANSAL HIZMETLER AS – Member of the Board of Directors
		YAPI VE KREDİ BANKASI AS – Member of the Board of Directors.

The business address for each of the foregoing members of UniCredit's senior management is in Milan, I-20154, Piazza Gae Aulenti 3, Tower A.

**Board of Statutory Auditors**

The UniCredit Board of Statutory Auditors (the **Board of Statutory Auditors**) supervises compliance with laws, regulations and the UniCredit Articles of Association, the adequacy and functionality of the organisational and accounting structure of UniCredit as well as the overall functionality of the internal control system, with particular focus on risk management. The Board of Statutory Auditors supervises the financial disclosure process, the external auditing of the individual and consolidated financial statements, the compliance with the provisions on the disclosure of non-financial information and monitors the independence of the external audit firm. The Board of Statutory Auditors shall also report any irregularities or violations of the legislation to the Bank of Italy and, where required, to other supervisory authorities, and shall report to the Shareholders' Meetings called to approve UniCredit financial statements on the supervisory activity performed and on any omissions and censurable detected facts. Starting from its renewal for the 2019 – 2021 financial year, the Board of Statutory Auditors has been assigned of the Decree no. 231/2001 supervisory body's functions.

The Board of Statutory Auditors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 11 April 2019 for a term of three financial years and its members may be re-elected. Pursuant to the provisions of the UniCredit Articles of Association, the Board of Statutory Auditors consists of five permanent statutory auditors, including a Chairman. Furthermore, the above-mentioned Shareholders' Meeting appointed four stand-in statutory auditors.

The term in office of the current members of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2021.

All of the members of the Board of Statutory Auditors in office are enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance. The business address for each of the members of the Board of Statutory Auditors is in Milan, I-20154, Piazza Gae Aulenti 3, Tower A.

The information on the Board of Statutory Auditors and its update is available on the UniCredit website.

The following table sets out the current members of UniCredit Board of Statutory Auditors:

<b>Name</b>	<b>Position</b>
Marco Giuseppe Maria Rigotti	Chairman
Angelo Rocco Bonissoni	Statutory Auditor
Benedetta Navarra	Statutory Auditor
Guido Paolucci	Statutory Auditor
Antonella Bientinesi	Statutory Auditor

Other principal activities performed by the Statutory Auditors of UniCredit which are significant for UniCredit are listed below:

**Marco Giuseppe Maria Rigotti**

- Chairman of the Board of Statutory Auditors of Autogrill S.p.A.
- Chairman of the Board of Directors of Alisarda S.p.A.
- Chairman of the Board of Directors of Geasar S.p.A.
- Chairman of the Board of Directors of AQA Holding S.p.A.

**Angelo Rocco Bonissoni**

- Attorney of Nuova CPS Servizi S.r.l.
- Managing Partner of CBA Studio Legale Tributario

**Benedetta Navarra**

- Member of the Supervisory Board and of the Audit Committee of UniCredit Bank Czech Republic and Slovakia, a.s.
- Member of Audit Committee of UniCredit BulBank
- Member of the Board of Directors of A.S. Roma S.p.A.
- Chairman of the Supervisory Body pursuant to legislative Decree 231/2001 of Equitalia Giustizia S.p.A.
- Statutory Auditor of CDP Reti S.p.A.
- Statutory Auditor of Italo S.p.A.
- Guala Closures S.p.A. – Chairman of the Board of Statutory Auditors
- Member of the Supervisory Body pursuant to legislative Decree 231/2001 of Promo.Ter Roma
- Member of the Supervisory Body pursuant to legislative Decree 231/2001 of Confcommercio imprese per l'Italia Provincia di Roma Capitale

**Guido Paolucci**

- Chairman of the Board of Statutory Auditors of Ecofuel S.p.A.
- Chairman of the Board of Statutory Auditors of Raffineria di Gela S.p.A.
- Chairman of the Board of Statutory Auditors of Telecom Italia San Marino S.p.A.
- Chairman of the Board of Statutory Auditors of Telefonía Mobile Sammarinese S.p.A.
- Statutory Auditor of Nuova Compagnia di Partecipazioni S.p.A.
- Statutory Auditor of Edile Leonina S.p.A.
- Statutory Auditor of Olivetti S.p.A.
- Sole Auditor of Publispei S.r.l.

**Antonella Bientinesi**

- Chairman of the Board of Statutory Auditors of Cerved Group S.p.A.
- Statutory Auditor of Enel Energia S.p.A.
- Statutory Auditor of Enel Green Power Solar Metehara S.p.A.
- Statutory Auditor of Enel Green Power Solar Ngonye S.p.A.
- Statutory Auditor of Società Subalpina di Imprese Ferroviarie S.p.A.



- Statutory Auditor of ACER SEDE S.p.A.

### Conflicts of Interest

As at the date of this Base Prospectus, and to the best of UniCredit's knowledge, with regard to the members of the UniCredit Board of Directors and Board of Statutory Auditors there are no conflicts of interest with the obligations arising from the office or position held within UniCredit, except for those that may concern operations put before the relevant bodies of UniCredit, in accordance with the applicable procedures and in strict compliance with existing laws and regulations. Members of the UniCredit Board of Directors and Board of Statutory Auditors must indeed comply with the following provisions aimed at regulating instances where there exists a specific interest concerning the implementation of an operation:

- Article 53 of the Italian Banking Act sets forth the obligations envisaged by paragraph 1 of Article 2391 of the Italian Civil Code, hereinafter quoted, confirming the duty to abstain from voting for the Directors having a conflicting interest, on their own behalf or on behalf of a third party;
- Article 136 of the Italian Banking Act, which requires a special authorisation procedure (a unanimous decision by the supervisory body with the exclusion of the concerned officers' vote and the favourable vote of all members of the controlling body) should a bank enter into obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with its corporate officers;
- Article 2391 of the Italian Civil Code, which obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest, on their own behalf or on behalf of a third party, that they may have, in a specific company transaction, with the concerned member of the Board of Directors having to abstain from carrying out the transaction if he/she is also the CEO; and
- Article 2391-*bis* of the Italian Civil Code, CONSOB Regulation No. 17221 dated 12 March 2010 (and subsequent updates) concerning transactions with related parties, as well as the provisions issued by the Bank of Italy for the prudential supervision of banks concerning risk activities and conflicts of interest of banks and banking groups with associated persons (New Prudential Supervisory Regulations of the Bank of Italy and subsequent updates).

In accordance with the said latest provisions, UniCredit has adopted specific policies and procedures in order to ensure, between the others, the transparency and the material and procedural correctness of the transactions with related parties, directly or through controlled companies. In accordance with the aforementioned provisions transactions with related parties or with associated persons fall within the exclusive responsibility of the UniCredit Board of Directors, with the exception of the transactions falling under the responsibility of the UniCredit Shareholders' Meeting. For information on related-party transactions, please see Part H of the Notes to the consolidated financial statements of UniCredit as at 31 December 2018, incorporated by reference herein.

Notwithstanding the obligations of Article 2391 of the Civil Code, UniCredit and its corporate bodies have adopted measures and procedures to ensure compliance with the provisions relating to transactions with its Corporate Officers, as well as transactions with related parties and associated persons.

### External Auditors

At the Ordinary and Extraordinary Shareholders' Meeting of UniCredit held on 11 May 2012, Deloitte & Touche S.p.A. (**Deloitte**) has been appointed to act as UniCredit's external auditor for the 2013-2021 nine-year period, pursuant to Section 13, paragraph 1, of Legislative Decree No. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

### Recent Developments

On 10 May 2019, UniCredit announced the completion of the placement's settlement of approximately 103.5 million existing ordinary shares of FinecoBank S.p.A. (**Fineco**), equal to approximately 17 per cent. of the share capital issued by Fineco. As a result of the settlement, also considering that UniCredit holds a minority shareholding in the company (equal to approximately 18 per cent of the issued share capital), and waived any administrative rights in respect of any matters set forth under article 2364 of the Italian Civil Code, UniCredit announced that Fineco is not part of the UniCredit Group anymore.

On 7 May 2019, UniCredit confirmed that at the capital markets day on 3 December 2019, it will detail its business strategy for the years 2020-23. To prepare for this new plan and ensure a robust foundation for its successful future development, UniCredit announced the launch of a comprehensive set of financial measures. They aim at further strengthening the Group's lending capability, its ability to support the local economy and develop client business across its countries of operation.

The measures, reviewed by the UniCredit Board of Directors, include:

- Further strengthen its capital position through the disposal of certain assets, including those already executed (e.g. real estate in 1Q19, launch of the accelerated bookbuilding of approximately 17 per cent. of Fineco);
- Gradually align over time UniCredit's domestic sovereign bond portfolio with the domestic bond holdings of its Italian and European peers on a relative basis;
- Further acceleration of the Non-Core rundown, delivering full run-off by 2021;
- Evolution of group structure to increase optionality and flexibility, in particular optimising the cost of funding under different potential macroeconomic scenarios.

On 12 April 2019, UniCredit announced that it has reached an agreement with MBCredit Solutions (MBCS) in relation to the disposal on a non-recourse basis (pro-soluto) of a non-performing unsecured consumer credit portfolio in Italy.

On 1 April 2019, UniCredit announced that UniCredit Leased Asset Management (UCLAM) (100 per cent. owned by UniCredit Leasing S.p.A.) has become operational following the demerger of the Leased Asset Management division and the real estate repossessed portfolio already owned by UniCredit Leasing S.p.A.. The new company purpose is the safeguard of the value of the real estate collaterals and the related management optimization with focus on real estate assets connected to business activities.

On 27 March 2019, UniCredit confirmed that it successfully issued Tier 2 Notes targeted to institutional investors for a total amount of USD 1,250,000,000.

On 12 March 2019, UniCredit confirmed that it has issued a Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes - Additional Tier 1 (AT1), for a total amount of EUR 1 billion targeted to institutional investors.

On 13 February 2019, UniCredit confirmed that it launched a Tier 2 subordinated benchmark bond with a 10 year maturity and callable after 5 years. The amount issued is equal to EUR 1 billion.

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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 Issuer believes to be reliable, but none of the Issuer, the Trustee (in the case of English Law Notes), the Agents 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 Issuer, the Trustee (in the case of English Law Notes), the Agents nor any other party to the Agency Agreement for the English Law Notes and to the Agency Agreement for the Italian Law Notes 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 or payments relating to such beneficial ownership interests. Information in this section has been derived from the Clearing Systems.

### BOOK-ENTRY SYSTEMS

#### DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, 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, a member of the Federal Reserve System and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry changes between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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**) and, together with Direct Participants, **Participants**). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org) but such information is not incorporated by reference in and does not form part of this Base Prospectus. DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Direct or Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) (For the avoidance of doubt the content of the website [www.dtcc.com](http://www.dtcc.com) does not form part of this Base Prospectus).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC 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 DTC Rules are on file with the United States Securities and Exchange Commission. Direct and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes 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 DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants can receive payments and transfer their interest with respect to 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. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee 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 Direct and Indirect Participants will remain responsible for keeping an account of their holdings of DTC Notes on behalf of their customers.

Delivery of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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 DTC. If less than all of the DTC Notes of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the 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 Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. 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, and will be the responsibility of such Direct or Indirect Participant and not of DTC or its nominee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC is the responsibility of the 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 will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

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. The Issuer does not accept any responsibility or liability for any such payments to be made by DTC or by Direct or Indirect Participants.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate 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 depositary 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 world-wide 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 Issuer will apply to DTC in order to have each 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 DTC Participants. 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 held through Direct Participants or Indirect Participants of DTC, 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 registered in the name of DTC's nominee will be made to the order of such 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 by the Issuer to the Exchange Agent on behalf of DTC's 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 Issuer expects 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 Issuer also expects 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 Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the 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 to otherwise 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 delivery free of payment 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 Issuer, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their Direct or Indirect Participants or accountholders of their obligations under the rules and procedures governing their operations, nor will the Issuer, the Trustee, the Agents or any Dealer 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 Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### TAXATION IN THE REPUBLIC OF ITALY

#### *Tax treatment of the Notes*

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

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments, as set out by Article 2, paragraph 22, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013, and by Article 9 of Law Decree No. 34 of 30 April 2019, awaiting to be converted into law.

#### *Italian resident Noteholders*

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation (unless the Noteholders has opted for the application of the *risparmio gestito* regime – see “*Capital gains tax*” below), interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 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.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended (the **Finance Act 2017**) and in Article 1(210-215) of Law No. 145 of 30 December 2018 (the **Finance Act 2019**).

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**), and Article 9, par. 1, Legislative Decree No.

44 of 4 March 2014, 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 (the **Financial Services Act**) or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, and Italian real estate investment companies with fixed capital (the **Real Estate SICAFs** and, together with the Italian resident real estate investment funds, the **Real Estate Funds**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund is subject to taxation in the hands of the unitholder or shareholder regardless of distribution.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital other than a Real Estate SICAF) or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund, the SICAF or the 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* nor to any other income tax in the hands of the Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent. (the **Collective Investment Fund Withholding Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of 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 a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, Italian investment companies (*società di intermediazione mobiliare*) (**SIMs**), fiduciary companies, Italian asset management companies (*società di gestione del risparmio*) (**SGRs**), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary (a) must (i) be resident in Italy or (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary or (iii) an entity or company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; 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 as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended according to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the **White List**); 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 established in a country included in the White List, even if it does not possess the status of taxpayer therein.



The *imposta sostitutiva* will be applicable at the rate of 26 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.

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.

### ***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 26 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 with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Notes not falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

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.

### ***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 26 per cent. Noteholders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term individual savings account (*piano*

*individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

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

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Noteholders under (i) to (iii) above, 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 investor in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. The relevant Noteholder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. As an alternative to the tax declaration regime, Italian resident Noteholders under (i) to (iii) above 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 Noteholders under (i) to (iii) above 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 substitute tax at a rate of 26 per cent., 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 a Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Withholding 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 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

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

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List; 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 established in a country included in the White List even if it does not possess the status of taxpayer therein.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale 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.

## 22.

### **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, for each beneficiary, €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (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 paragraphs (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

### **Transfer tax**

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200.00; (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 the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited in Italy. The stamp duty applies at a rate of 0.20 per cent.; and cannot exceed €14,000 for taxpayers other than individuals; this stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount or in the case the nominal or redemption values cannot be determined, on the purchase value of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***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 0.20 per cent (**IVAFE**).

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 or in the case the nominal or redemption values cannot be determined, on the purchase 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).

## **TAXATION IN LUXEMBOURG**

*The following information 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.*

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

### **Withholding Tax**

#### **(a) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

#### **(b) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Relibi Law**), as amended, 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 Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 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 Relibi Law would be subject to a withholding tax of 20 per cent.

### **Automatic Exchange of Information**

The Issuer may be required to report certain information about its holders of Notes and, as the case may be, about individuals controlling holders of Notes that are entities, on an automatic and annual basis to the Luxembourg direct tax administration (*Administration des contributions directes*) in accordance with, and subject to, the Luxembourg law of 24 July 2015 concerning FATCA, and/or the Luxembourg law of 18 December 2015 implementing Council Directive 2014/107/EU and the standard for automatic exchange of financial account information in tax matters developed by the OECD with the G20 countries (commonly referred to as the “Common Reporting Standard”), each as amended from time to time (each an **AEOI Law** and collectively the **AEOI Laws**). Such information, which may include personal data (including, without limitation, the name, address, country(ies) of tax residence, date and place of birth and tax identification number(s) of any reportable individual) and certain financial data about the relevant Notes (including, without limitation, their balance or value and gross payments made thereunder), will be transferred by the Luxembourg

direct tax administration to the competent authorities of the relevant foreign jurisdictions in accordance with, and subject to, the relevant Luxembourg legislation and international agreements.

Investors should consult their professional tax advisers.

### 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 overview is based on the tax laws of Germany currently in force and as applied on the date of this Base 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. Tax consequences that may arise if an investor combines certain series of Notes so that he or she derives a certain return are not discussed herein.*

*The law as currently in effect provides for a reduced tax rate for certain investment income. The coalition agreement between the German Christ Democratic Party, the Christian-Social Union and the German Social Democratic Party for the formation of a new German federal government provides that the flat tax regime shall be partially abolished. The coalition agreement further specifies that the solidarity surcharge shall be abolished in stages provided that the individual income does not exceed certain thresholds. There is however no draft bill available yet and a lot of details are hence still unclear. Hence, it is still unclear, whether, how and when the current discussion may result in any legislative change.*

*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 in which they are resident or whose tax laws apply to them for other reasons.*

#### German Tax Residents

This section “*German 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 on-going payments and capital gains*

On-going payments received by a non-business Noteholder will be subject to German withholding tax if the Notes are kept or administered in a custodial account with 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*). 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.). For individual Noteholders who are subject to church tax an electronic information system for church withholding tax purposes applies in relation to investment income, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the Noteholder will be assessed to church tax.

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 non-business Noteholder provided the Notes have been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition. If similar Notes kept or administered in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where Notes are acquired and/or sold or redeemed in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively with the result that any currency gains or losses are part of the capital gains. If Coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposal are subject to withholding tax. The same applies to proceeds from the payment of Coupons or interest claims if the Notes have been disposed of separately.

If Notes qualifying as a forward/future or option transaction (*Termingeschäft*) according to sec. 20 para. 2 sent. 1 no. 3 German Income Tax Act (*Einkommensteuergesetz*) are settled by a cash payment, capital gains realised upon exercise (*i.e.* the cash amount received minus directly related costs and expenses, *e.g.* the acquisition costs) are subject to withholding tax. In the event of physical delivery, the acquisition costs of such Notes plus any additional sum paid upon exercise are generally regarded as acquisition costs of the underlying assets received upon physical settlement. Withholding tax may then apply to any gain resulting from the subsequent disposal, redemption, repayment or assignment of the assets received, in particular if they are securities. In case of certain assets being the underlying (*e.g.* commodities or currencies) a subsequent sale of the underlying received may not be subject to German withholding tax as outlined in this section but any disposal gain may be fully taxable at the personal income tax rate of the non-business Noteholder.

In case of a physical settlement of certain Notes (not qualifying as forward/future or option transactions) which grant the Issuer the right to physically deliver the underlying securities or the Noteholder to demand the physical delivery of the underlying securities instead of a cash payment, upon physical delivery 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 non-business Noteholder upon physical settlement; any consideration received by the Noteholder 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 non-business 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 or administered in a custodial account with the same Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge, plus church tax, if applicable) 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 from another Member State of the European Union or the European Economic Area or from certain other countries (*e.g.* Switzerland or Andorra).

Pursuant to administrative guidance losses incurred by a Noteholder from bad debt (*Forderungsausfall*) or a waiver of a receivable (*Forderungsverzicht*) are generally not tax-deductible. The same rules should apply if the Notes expire worthless or if the proceeds from the sale of Notes do not exceed the usual transaction costs. This view has however been challenged by a judgement of the Federal Tax Court (*Bundesfinanzhof*); it is not yet clear whether the decision will be generally applied by the tax authorities. Furthermore, in a recent case the Federal Tax Court did also not follow this view holding that losses are deductible against other investment income if they are final, *i.e.* no further payment can be expected, *e.g.* upon conclusion of an insolvency procedure over the borrower's assets. It still needs to be seen whether the tax authorities will follow this view.

According to administrative guidance, where a Note qualifies as a full risk security (*Vollrisikozertifikat*) which provides for several payments to be made to the holder such payments shall qualify as taxable investment income, unless the terms and conditions of the Notes explicitly provide for the redemption or partial redemption during the term of the Notes and these terms and conditions are complied with. If the terms of the Notes do not provide for final payment at maturity or no such payment is made any losses incurred upon expiry of such Notes shall not be tax-deductible.

In computing any German tax to be withheld, the Disbursing Agent generally deducts from the basis of the withholding tax negative investment income realised by a non-business Noteholder via the Disbursing Agent (*e.g.* losses from the sale of other securities with the exception of shares). The Disbursing Agent also deducts Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security by a non-business Noteholder via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent credits foreign withholding taxes levied on investment income in a given year regarding securities held by a non-business Noteholder in the custodial account with the Disbursing Agent.

Non-business Noteholders are entitled to an annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for couples and partners filing jointly) for all investment income received in a given year. Upon the non-business 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. No withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) 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 on-going 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 non-business 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, the non-business 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). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), a non-business Noteholder may and in case the actual gain is higher than 30 per cent. of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, a non-business Noteholder may request that all investment income of a given year is taxed at his or her lower individual 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 itemized basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the non-business 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 off-set against capital gains deriving from the disposal of shares.

Where Notes form part of a trade or business 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. Where according to an applicable accounting standard Notes include an embedded derivative the Noteholder may have to account for a receivable and a derivative. The deduction of losses from derivatives may be ring-fenced as discussed below.

Generally the deductibility of capital losses from Notes which qualify for tax purposes as forward/future or option transaction (*Termingeschäft*) is limited. These losses may only be applied against profits from other forward/future or option transactions derived in the same or, subject to certain restrictions, the previous year. Otherwise these losses can be carried forward indefinitely and, within certain limitations, applied against profits from forward/future or option transactions in subsequent years. This generally does not apply to forward/future or option transactions hedging risks from the Noteholder's ordinary business, unless the underlying of the hedge is a stock in a corporation. Further special rules apply to credit institutions, financial services institutions and certain finance companies within the meaning of the German Banking Act. In the case of physically settled Notes special limitations may apply to losses from the disposal of an underlying which is a share in a corporation or a unit of an equity investment fund.

### **Non-German Tax Residents**

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 in the subsection "*German Tax Residents*" applies.

Non residents of Germany are, in general, exempt from German withholding tax on interest and capital gains. However, where the income is subject to German taxation as set forth in the preceding paragraph and the Notes are kept or administered 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 a Coupon are paid by a Disbursing Agent to a non-resident upon delivery of the Note or the Coupon, 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 (*Vermögensteuer*) is not levied in Germany.

## **TAXATION IN AUSTRIA**

*This section on taxation contains a brief overview of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in Austria. This overview does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This overview is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 188 of the Austrian Investment Funds Act 2011 (Investmentfondsgesetz 2011) or as equity for tax purposes instead of debt) shall in any case be borne by the investor. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.*

### **General remarks**

Individuals having a domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*), both as defined in sec. 26 of the Austrian Federal Fiscal Procedures Act (*Bundesabgabenordnung*), in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*), both as defined in sec. 27 of the Austrian Federal Fiscal Procedures Act, in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.



## Income taxation

Austrian statutory law does not contain specific provisions on the qualification of Additional Tier 1 instruments for Austrian (corporate) income tax purposes. However, pursuant to § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*), which is typically applied for purposes of qualifying hybrid instruments either as equity or as debt for Austrian (corporate) income tax purposes, *jouissance* rights and other financial instruments (*Genussrechte und sonstige Finanzierungsinstrumente*) granting a right to participate in both the current profits and the liquidation profits of the issuer are to be qualified as equity instruments. In contrast thereto, *jouissance* rights and other financial instruments granting a right to participate either in the current profits or in the liquidation profits of the issuer or in neither of the two categories are to be qualified as debt instruments. In addition, reference has to be made to jurisprudence of the Austrian Supreme Administrative Court (*Verwaltungsgerichtshof*) pursuant to which the qualification of hybrid instruments, such as *jouissance* rights, has to be based on whether typical equity-like criteria outweigh typical debt-like criteria from a quantitative and qualitative perspective, thereby taking into account the instrument's term, the profit dependency of distributions, the participation in the issuer's substance/liquidation gain, the granting of securities, a potential subordination and the lack of typical shareholder control and voting rights. The Austrian Ministry of Finance (*Bundesministerium für Finanzen*) states the following in the Austrian Corporate Income Tax Guidelines (*Körperschaftsteuerrichtlinien*): Instruments qualify as equity-type *jouissance* rights and other financial instruments in the meaning of § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act if they grant a right to participate in the current profits and the liquidation profits of a corporation. Both prerequisites mentioned in the statute must be fulfilled. In case no participation in the current profits, in the liquidation profits, or in both types of profits exists, an instrument qualifies as a debt-type *jouissance* right (*i.e.*, as debt); consequently, payments under such an instrument are tax deductible. *Jouissance* rights and other financial instruments fulfilling the prerequisites of § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act are to be qualified as equity for income tax purposes; all kinds of distributions under such instruments qualify as tax-neutral use of income. Additional Tier 1 instruments and Tier 2 instruments in the meaning of arts. 51 and 62 CRR are qualified as equity or debt for tax purposes in line with the criteria outlined in § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act; usually such instruments will qualify as debt for tax purposes. For purposes of the following, the Issuer assumes that the Notes qualify as debt for Austrian (corporate) income tax purposes. In case of a qualification of the Notes as equity, the tax consequences would substantially differ from those described below.

Pursuant to sec. 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- (a) income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest; the tax basis is the amount of the earnings received (sec. 27a(3)(1) of the Austrian Income Tax Act);
- (b) income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital (including zero coupon bonds); the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs, in each case including accrued interest (sec. 27a(3)(2)(a) of the Austrian Income Tax Act); and
- (c) income from derivatives (*Einkünfte aus Derivat*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates (the mere exercise of an option does not trigger tax liability); e.g., in the case of index certificates, the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs (sec. 27a(3)(3)(c) of the Austrian Income Tax Act).

Also the withdrawal of the Notes from a securities account (*Depotentnahme*) and circumstances leading to a restriction of Austria's taxation right regarding the Notes *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) and (2) of the Austrian Income Tax Act). The tax basis amounts to the fair market value minus the acquisition costs (sec. 27a(3)(2)(b) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as non-business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus (*inländische Einkünfte aus*

*Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), is subject to withholding tax (*Kapitalertragsteuer*) at a flat rate of 27.5 per cent.; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). Investment income from the Notes without an Austrian nexus must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5 per cent. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). The acquisition costs must not include ancillary acquisition costs (*Anschaffungsnebenkosten*; sec. 27a(4)(2) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (sec. 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Sec. 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may be neither offset against interest from bank accounts and other non-securitized claims *vis-à-vis* credit institutions (except for cash settlements and lending fees) nor against income from private foundations, foreign private law foundations and other comparable legal estates (*Privatstiftungen, ausländische Stiftungen oder sonstige Vermögensmassen, die mit einer Privatstiftung vergleichbar sind*); income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income. The Austrian custodian agent has to effect the offsetting of losses by taking into account all of a taxpayer's securities accounts with the custodian agent, in line with sec. 93(6) of the Austrian Income Tax Act, and to issue a written confirmation to the taxpayer to this effect.

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus is subject to withholding tax at a flat rate of 27.5 per cent. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless income tax at the flat rate of 27.5 per cent.). Investment income from the Notes without an Austrian nexus must always be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5 per cent. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). The flat tax rate does not apply to income from realised increases in value and income from derivatives if realizing these types of income constitutes a key area of the respective investor's business activity (sec. 27a(6) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (sec. 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the alienation, 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 income tax at the flat rate of 27.5 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 within the same business unit (*Wirtschaftsgüter desselben Betriebes*); only 55 per cent. of the remaining negative difference may be offset against other types of income.

Pursuant to sec. 7(2) of the Austrian Corporate Income Tax Act, corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes at a rate of 25 per cent. Income in the sense of sec. 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus is generally subject to withholding tax at a flat rate of 27.5 per cent. However, pursuant to sec. 93(1a) of the Austrian Income Tax Act, the withholding agent may apply a 25 per cent. rate if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the corporate income tax liability. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place. Losses from the alienation of the Notes can be offset against other income.

Pursuant to sec. 13(3)(1) in connection with sec. 22(2) of the Austrian Corporate Income Tax Act, private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as non-business assets are subject to interim taxation at a rate of 25 per cent. on interest

income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities). Pursuant to the Austrian tax authorities' view, the acquisition costs must not include ancillary acquisition costs. Expenses such as bank charges and custody fees must not be deducted (sec. 12(2) of the Austrian Corporate Income Tax Act). Interim tax is generally not triggered insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. Investment income from the Notes with an Austrian nexus is in general subject to withholding tax at a flat rate of 27.5 per cent. However, pursuant to sec. 93(1a) of the Austrian Income Tax Act, the withholding agent may apply a 25 per cent. rate if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the tax triggered. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act withholding tax is not levied.

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on income from the Notes if they have a permanent establishment (*Betriebsstätte*) in Austria and the Notes are attributable to such permanent establishment (*cf.* sec. 98(1)(3) of the Austrian Income Tax Act, sec. 21(1)(1) of the Austrian Corporate Income Tax Act). In addition, individuals subject to limited income tax liability in Austria are also taxable on interest in the sense of sec. 27(2)(2) of the Austrian Income Tax Act and accrued interest (including from zero coupon bonds) in the sense of sec. 27(6)(5) of the Austrian Income Tax Act from the Notes if the (accrued) interest has an Austrian nexus and if withholding tax is levied on such (accrued) interest. This does not apply to individuals being resident in a state with which automatic exchange of information exists. Interest with an Austrian nexus is interest the debtor of which has its place of management and/or its legal seat in Austria or is an Austrian branch of a non-Austrian credit institution; accrued interest with an Austrian nexus is accrued interest from securities issued by an Austrian issuer (sec. 98(1)(5)(b) of the Austrian Income Tax Act). The Issuer understands that no taxation applies in the case at hand.

Pursuant to sec. 188 of the Austrian Investment Funds Act 2011, the term "foreign investment fund" comprises (i) undertakings for collective investment in transferable securities the member state of origin of which is not Austria; (ii) alternative investment funds pursuant to the Austrian Act on Alternative Investment Fund Managers (*Alternative Investmentfonds Manager-Gesetz*) the state of origin of which is not Austria; and (iii) secondarily, undertakings subject to a foreign jurisdiction, irrespective of the legal form they are organized in, the assets of which are invested according to the principle of risk-spreading on the basis either of a statute, of the undertaking's articles or of customary exercise, if one of the following conditions is fulfilled: (a) the undertaking is factually, directly or indirectly, not subject to a corporate income tax in its state of residence that is comparable to Austrian corporate income tax; (b) the profits of the undertaking are in its state of residence subject to corporate income tax that is comparable to Austrian corporate income tax, at a rate of less than 15 per cent.; or (c) the undertaking is subject to a comprehensive personal or material tax exemption in its state of residence. Certain collective investment vehicles investing in real estate are exempted. In case of a qualification as a foreign investment fund, the tax consequences would substantially differ from those described above: A special type of transparency principle would be applied, pursuant to which generally both distributed income as well as deemed income would be subject to Austrian (corporate) income tax.

### **Inheritance and gift taxation**

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*) if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat and/or their place of management in Austria. Certain exemptions apply in cases of transfers *mortis causa* of financial assets within the meaning of sec. 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to income tax at a flat rate pursuant to sec. 27a(1) of the Austrian Income Tax Act. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate generally is 2.5 per cent., with higher rates applying in special cases.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat and/or their place of management in Austria.

Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10 per cent. of the fair market value of the assets transferred.

Further, gratuitous transfers of the Notes may trigger income tax at the level of the transferor pursuant to sec. 27(6)(1) and (2) of the Austrian Income Tax Act (see above).

### THE EUROPEAN PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating EU Member States and when it will take effect with regard to dealings in the Notes.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdiction. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under Condition 19 (*Further Issues*) of the Terms and Conditions for the English Law Notes and of the Terms and Conditions for the Italian Law Notes) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event

any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## TAXATION IN SINGAPORE

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Monetary Authority of Singapore (MAS) in force as at the date of this Base Prospectus and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Base Prospectus are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes (particularly structured Notes) and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as financial institutions in Singapore holding the Financial Sector Incentive – Standard Tier tax status) may be subject to special rules. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject.*

It is emphasised that neither the Issuer nor any Dealer nor any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

The descriptions below are not intended to apply to any Notes issued by, or issued for the purposes of funding, the Singapore Branch of the Issuer.

### Interest and Other Payments

If more than half of any tranche of Notes issued under the Programme on or after the date of this Base Prospectus and on or before 31 December 2023 are distributed by Financial Sector Incentive (Bond Market) Companies or Financial Sector Incentive (Capital Market) Companies or Financial Sector Incentive (Standard Tier) Companies for the purposes of the Income Tax Act, Chapter 134 of Singapore (**ITA**), that tranche of Notes (**Relevant Notes**) would be "qualifying debt securities" for the purposes of the ITA and, subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, **Specified Income**) from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent.

However, notwithstanding the foregoing:

- (a) if during the primary launch of any Relevant Notes, the Relevant Notes are issued to fewer than 4 persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and
- (b) even though Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, Specified Income from such Relevant Notes derived by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the concessionary rate of tax of 10 per cent. as described above.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

**break cost** means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

**prepayment fee** means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

**redemption premium** means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore taxation section have the same meaning as defined in the ITA.

The term related party, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

### Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 (**FRS 39**), Financial Reporting Standard 109 - Financial Instruments (**FRS 109**) or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (**SFRS(I) 9**) (as the case may be) for Singapore income tax purposes, may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see "*Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes*" below.

### Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes

Subject to certain "opt-out" provisions, Section 34A of the ITA requires taxpayers who adopt or are required to adopt FRS 39 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 39, subject to certain exceptions provided in that section. The Inland Revenue Authority of Singapore (the **IRAS**) has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement" to provide guidance on the Singapore income tax treatment of financial instruments.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who adopt or who are required to adopt FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under the FRS 39 tax regime, FRS 109 tax regime or the SFRS(I) 9 tax regime should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## HONG KONG TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Base Prospectus, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction are advised to consult their own professional advisers.

### *Withholding tax*

No withholding tax in Hong Kong is payable on payments of principal or interest with respect to the Notes or in respect of any capital gains arising from the sale of the Notes.

### *Profits tax*

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the **Inland Revenue Ordinance**) as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or
- (c) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a company, such as a partnership) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, from the carrying on of a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or redemption of Bearer Notes will be subject to profits tax. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned financial institution, person and/or corporation will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

### *Stamp duty*

Stamp duty may be payable on the issue of Bearer Notes if they are issued in Hong Kong. Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)).

If stamp duty is payable it is payable by the Issuer on issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5.00 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

### *Estate duty*

No Hong Kong estate duty is payable in respect of the Notes.



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## Subscription and Sale and Transfer and Selling Restrictions

“The Issuer has represented, warranted and undertaken and each Dealer appointed under the Programme will be required to warrant and undertake that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base 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 Issuer nor any other Dealer shall have any responsibility therefor.”

The Dealers have, in the Seventeenth Amended and Restated Programme Agreement dated 5 June 2019 (such programme agreement as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer 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 for the English Law Notes*” and “*Terms and Conditions for the Italian Law Notes*”. In the Programme Agreement, the Issuer 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.

### TRANSFER RESTRICTIONS

English Law Notes may be issued in registered form (the **Registered Notes**).

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 that 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 Issuer or an affiliate of the Issuer was the owner of such Notes, only: (i) to the 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 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 ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER 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 REALES 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 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 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 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 Base 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 Base 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 or sold 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. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

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 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 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 Exempt Notes which are also Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the 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 Pricing Supplement.

### *Prohibition of sales to EEA Retail Investors*

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA 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 Base 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 the 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 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (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 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 (as amended including by Directive 2010/73/EU, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State.

### 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) 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 Financial Services and Markets Act 2000 (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 would not apply to the Issuer if it was not an authorised person; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### Republic of Italy

Unless specified in the relevant Final Terms that a Non-exempt Offer may be made in Italy, the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (a) or (b) above must:

- (i) be 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. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

*Investors should also note that in connection with the subsequent distribution of the 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 paragraph (a) or (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 liability of the intermediary transferring the Notes for any damages suffered by investors.*

### France

Each of the Dealers and the Issuer 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 in France following the notification of the approval of this Base Prospectus to the *Autorité des marchés financiers* (the **AMF**) by the CSSF and in the period beginning on the date of publication of the Final Terms relating to the offer of Notes and ending at the latest on the date which is 12 months after the date of the approval of this Base Prospectus by the CSSF, 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 and, as from 21 July 2019, regulation (EU) 2017/1129 as amended and any applicable French law and regulation; 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 has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) or any other offering material relating to the Notes, and that 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 (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, all as defined by Articles L.411-1, L.411-2 and D.411-1 of the French *Code Monétaire et Financier* and, as from 21 July 2019, regulation (EU) 2017/1129 as amended and any applicable French law and regulation.

**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, as of 21 July 2019, in compliance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended, and any other applicable German laws.

**Austria**

In addition to the cases described in the section "*Prohibition of sales to EEA Retail Investors*" above in which the Notes may be offered to the public in a Relevant Member State (including Austria), the Notes may be offered to the public in Austria only:

- I. if the following conditions have been satisfied:
  - i. the Base Prospectus, including any supplements but excluding any Final Terms in relation to the Notes, which has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the **FMA**) or, where appropriate, approved by the competent authority of another Member State within the European Economic Area for the purposes of making offers of Notes to the public 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

- ii. the applicable Final Terms for the Notes have been validly published and filed via the electronic ESMA IT system with the FMA prior to the date of commencement of the relevant offer of the Notes to the public in Austria; and
  - iii. a notification with the Austrian Control Bank (*Oesterreichische Kontrollbank Aktiengesellschaft*) to the issue calender (*Emissionskalender*), all as prescribed by the Austrian Capital Market Act, as amended (*Kapitalmarktgesetz*, the **KMG**), has been filed as soon as possible prior to the commencement of the relevant offer of the Notes to the public; or
- II. otherwise in compliance with the KMG.

For the purposes of this Austrian selling restriction, the expression **an offer of the Notes to the public** means any 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.

### Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**) and accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- I. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- II. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- I. to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- II. where no consideration is or will be given for the transfer;
- III. where the transfer is by operation of law;
- IV. as specified in Section 276(7) of the SFA; or
- V. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Certain Restrictions applicable to Notes issued in Singapore dollars:

Notes issued in Singapore dollars by a person carrying on a deposit-taking business with a maturity period of less than 12 months and a denomination of less than S\$200,000 would be treated as deposits for the purposes of



the Banking Act, Chapter 19 of Singapore (the Singapore Banking Act), unless the Notes are issued to certain persons, including either:

- (a) an individual whose total net assets exceeds S\$2 million (or equivalent in foreign currency) at the time of subscription or whose income in the 12 months preceding the time of subscription exceeds S\$300,000 (or equivalent in foreign currency); or
- (b) a company whose net assets (as determined by the last audited-balance sheet of the company) exceeds S\$10m (or equivalent in foreign currency) at the time of subscription.

In addition, even where Notes issued in Singapore dollars with a denomination of less than S\$200,000 are not treated as deposits for the purposes of the Singapore Banking Act, certain additional information is required to be furnished by an issuer which is carrying on a deposit-taking business. In such case, please refer to the relevant Final Terms for such further information.

**Notification under Section 309B(1)(c) of the SFA** – Unless otherwise stated in the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes), all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) other than (a) to "**professional investors**" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **CWUMPO**) or which do not constitute an offer to the public within the meaning of CWUMPO; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

### **People's Republic of China**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, by it or any of its affiliates in the People's Republic of China (**PRC**) (for such purposes, not including the Hong Kong and Macau Special Administrative Regions of the PRC and Taiwan) or to residents of the PRC as part of the initial distribution of the Notes, except as permitted by applicable laws and regulations and approved by the competent authorities of the PRC.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (Corporations Act)) in relation to the Programme or any Notes has been or will be lodged with the Australian Securities and Investments Commission (**ASIC**). Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it:

- (i) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase, the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, any base prospectus, advertisement or other offering material relating to the Notes in Australia,

unless,

- (1) the aggregate consideration payable by each offeree or invitee is at least AUD 500,000 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act,
- (2) such action complies with all applicable laws, regulations and directives, and
- (3) such action does not require any document to be lodged with ASIC.

### **Taiwan**

The offer of the Notes has not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes issued under the Programme may not be and will not be offered or sold in Taiwan through a public offering or in circumstance which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires the registration, filing with or approval of the Financial Supervisory Commission of Taiwan. Each Dealer has also acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that no person or entity in Taiwan has been authorised or will be authorised to offer or sell the Notes issued under the Programme in Taiwan.

### **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 laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base 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 Issuer, the Trustee (in the case of English Law Notes) nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee (in the case of English Law Notes) 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.

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## General Information

### AUTHORISATION

The establishment of the Programme has been duly authorised by the resolutions of the Board of Directors of UniCredit dated 2 May 2000. The update of the Programme was duly authorised by the resolutions of the Board of Directors of UniCredit dated 10 January 2019.

### APPROVAL, LISTING AND ADMISSION TO TRADING

Application has been made to the CSSF to approve this document as a base prospectus. 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 to be 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 2014/65/EU.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

### SELLING CONCESSION OR OTHER CONCESSIONS

A selling concession or other concession may be charged as set out in the Final Terms.

### 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, during normal business hours, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the memorandum and articles of association (with an English translation where applicable) of the Issuer;
- (b) the audited consolidated financial statements of UniCredit as at and for the financial year ended 31 December 2018 (with an English translation thereof) (the **2018 UniCredit Annual Report and Account**);
- (c) the audited consolidated financial statements of UniCredit as at and for the financial year ended 31 December 2017 (with an English translation thereof);
- (d) the unaudited consolidated interim financial information of UniCredit as at and for the six months ended 30 June 2018 (with an English translation thereof) (the **UniCredit Consolidated First Half Financial Report as at 30 June 2018**);
- (e) the unaudited consolidated interim financial information of UniCredit as at and for the three months ended 31 March 2018 (the **UniCredit Unaudited Consolidated Interim Report as at 31 March 2018 – Press Release**) (with an English translation thereof);
- (f) the unaudited consolidated interim financial information of UniCredit as at and for the three months ended 31 March 2019 (the **UniCredit Unaudited Consolidated Interim Report as at 31 March 2019 – Press Release**) (with an English translation thereof);
- (g) 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.

- (h) the Programme Agreement, the Agency Agreement for the English Law Notes and the Agency Agreement for the Italian Law Notes, the Trust Deed in the case of English Law Notes, the Deed Poll in the case of English Law Notes and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (i) a copy of this Base Prospectus;
- (j) 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 EEA nor offered in the EEA 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 Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base 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 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. 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 Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **YIELD**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

### **SIGNIFICANT OR MATERIAL ADVERSE CHANGE**

There has been no significant change in the financial or trading position of UniCredit and the Group since 31 March 2019 and there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2018.

### **TREND INFORMATION**

There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the UniCredit's prospects for its current financial year.

### **LITIGATION**

Except as disclosed in this Base Prospectus from page 315 to page 334 (*Legal and arbitration proceedings and proceedings connected to actions of the supervisory authorities*), in the 2018 UniCredit Annual Report and

Accounts and in the UniCredit Consolidated First Half Financial Report as at 30 June 2018, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which, according to the information available at present, may have or have had in such period a significant effect on the financial position or profitability of the Issuer or the Group.

### 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 the Financial Services Act, listed companies may not appoint the same auditors for more than nine years.

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.

Deloitte is a company incorporated under the laws of Italy, enrolled with the Companies' Register of Milan under number 03049560166 and registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by Minister of Economy and Finance effective from 7 June 2004 with registration number no: 132587, having its registered office at via Tortona 25, 20144 Milan, Italy.

Deloitte has audited and issued unqualified audit opinions on the consolidated financial statements of the UniCredit for the year ended 31 December 2018 and 31 December 2017.

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

### DEALERS' INTERESTS

Certain of the Dealers and their affiliates may have engaged, and/or may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business and may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. 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 the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such 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 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. UniCredit Bank AG, the Arranger and Dealer, is part of the UniCredit Group. The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue or offer of Notes under the Programme.

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## Annex 1 - Further Information Related to Index Linked Notes and Inflation Linked Interest Notes

### FURTHER INFORMATION RELATED TO INDEX LINKED NOTES AND INFLATION LINKED INTEREST NOTES

The Issuer can issue Notes which are linked to an index (the **Index Linked Notes**) pursuant to the Programme, where the underlying index is either (i) the Italy CPI (the **Italy CPI Linked Notes**), or (ii) the HICP or the Non revised index of Consumer Prices excluding tobacco, measuring the rate of inflation in the European Monetary Union excluding tobacco published by Eurostat (HICP) (the **HICP Linked Notes**). The following information provides a clear and comprehensive explanation to prospective investors about how the value of Index Linked Notes is affected by the value of the underlying index.

**Italy CPI or ITL – Inflation for Blue Collar Workers and Employees - Excluding Tobacco Consumer Price Index Unrevised** means, subject to the Terms and Conditions, the "*Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI), senza tabacchi*" as calculated on a monthly basis by the ISTAT - *Istituto Nazionale di Statistica* (the Italian National Institute of Statistics) (the **ISTAT**) which appears on Bloomberg Page ITCPIUNR (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying the level of such index), provided that for the purposes of the calculation of the Rate of Interest and the Final Redemption Amount, the first publication or announcement of a level of the Index (excluding estimates) by the ISTAT for a given month shall be final and conclusive and later revisions of the level for such month will not be used in any calculations.

Measuring inflation consists of monthly compilation of price changes of a pre-determined group of goods and services (known as **basket**). In Italy, the Consumer price index for blue- and white-collar worker households (FOI), generally used for monetary revaluations, is calculated by the ISTAT. For the Italy CPI, in 2015, the calculation of price change concerns a basket of 1,441 items (from pasta to passenger air transport, from bread to personal computers, or from petrol to coffee at a bar, etc.) representing the universe of products purchased by households.

These products go to make up the so-called basket, which is divided into 12 expenditure divisions, each with its own weight: Food and non-alcoholic beverages; Alcoholic beverages, tobacco; Clothing and footwear; Housing, water, electricity, gas and other fuels; Furnishings, household equipment and routine household maintenance; Health; Transport; Communication; Recreation and culture; Education; Restaurants and hotels; Miscellaneous goods and services. Within each division, each type of goods or services contributes to the compilation of the index with a weight equal to its importance on the total household consumption expenditure. For example, bread weighs 1.0 per cent. in the basket while pasta weighs only 0.5 per cent., hotel room weighs 2.1 per cent. and holiday farms 0.1 per cent.

The products in the basket and the weight attributed to them are defined according to household consumption expenditure, in order to represent the structure of population's consumption. Each year a sample is specified, made up of the products whose price dynamic is representative of that of a wider range: for example, to calculate the variation in prices of the "Small electrical appliances" consumption segment, we follow the prices of plugs, electric batteries, energy saving light bulbs and adapter plugs. The identification of major household expenditure aggregates and the estimation of their weights are carried out using as main source National Accounts data on household final consumptions. These major expenditure aggregates, up to the selection of single products and the estimation of their weights, are detailed using several sources available both inside (Household Budget Survey which involves approximately 28,000 Italian households every year; Foreign Trade, Industrial Production and Tourism Flow Surveys) and outside ISTAT (figures from ACNielsen, SIAE, etc.) in order to ensure an accurate coverage.

The basket is updated each year to represent the actual household purchasing behaviour and to take into account any changes in this behaviour and in the range of products offered on the market. Each year either the goods and services in the basket or their weights are updated. For example, some new items in the 2015 basket reflect the change in household consumption behaviour (such as gluten-free biscuit and gluten-free pasta, non-alcoholic beer, car sharing and bike sharing, beverages dispensed by automatic vending machine, ginseng coffee at the café and fiscal counsel for dwelling taxes computation). Other updating of the basket can be done in order to

improve the coverage of some household expenditure aggregates (such as the addition of pizza - bakery product, bed, hire of wheelchair for disabled people and spare parts for shavers).

### ***Reference base year for Italy CPI***

The FOI indices are expressed with 2010=100 as a reference base year.

More information on Italy CPI, including past and current levels, can be found at: <http://www.istat.it>.

**HICP** means the EUROSTAT Eurozone HICP (excluding Tobacco) Unrevised Series NSA Index which mirrors the weighted average of the harmonized indices of consumer prices in the Euro-Zone, excluding tobacco (non-revised series) published by the Index Sponsor on Bloomberg under "CPTFEMU". The first publication or announcement of a level of the HICP for the relevant period or time of valuation of the HICP shall be final and conclusive and later revisions to the level for the relevant period or time of valuation will not be used in any calculations. The composition and calculation of the HICP by the Index Sponsor might change to reflect the addition of any new Member States of the European Union to the Euro-Zone without any effect to the references to the HICP in these Terms and Conditions. More detailed information on the HICP (including the historical Index values) are available on the following website: <http://epp.eurostat.ec.europa.eu> and on Bloomberg page: CPTFEMU Index <GO>.Eurostat Eurozone Harmonised Indices of Consumer Prices excluding Tobacco Unrevised Series Non Seasonal Adjusted

The Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP), as calculated and published by EUROSTAT and the national statistical institutes in accordance with harmonised statistical methods (the **HICP**) is an economic indicator constructed to measure the changes over time in the prices of consumer goods and services acquired by households in the Eurozone. Following the Maastricht Treaty, the HICPs have been used as convergence criteria and the main measure for monitoring price stability by the European Central Bank in the Euro area, as well as for use on international comparison.

HICP is the aggregate of the Member States' individual harmonised index of consumer prices excluding tobacco (**Individual HICP**). Each country first publishes its Individual HICP in conjunction with its consumer price index. Thereafter, Eurostat aggregates the Individual HICPs and publishes an HICP for the Eurozone, as well as a breakdown by item and by country. In any specific year, each country's weight in the HICP for the Eurozone equals the share that such country's final household consumption constitutes within that of the Eurozone as a whole for the year that is prior to that specified year. These weights are re-estimated every year in the January publication of the HICP.

HICP is said to be harmonised because the methodology and nomenclatures for the index of prices are the same for all of the countries in the Eurozone and the European Union. This makes it possible to compare inflation among different Member States of the European Union. Emphasis is placed on the quality and comparability of the various countries' indices.

HICP is calculated as an annual chain-index, which makes it possible to change the weights every year. This also makes it possible to integrate new entrants, as in the case of Greece in January 2001. If a new entrant is integrated in a specific year, it is included in the Eurozone HICP starting from January of that year. The new Member State's weight is included in the annual revaluation of the HICP.

HICP is published every month on Eurostat's internet site, according to a pre-determined official timetable. Publication generally occurs around the 14th – 16th day of the following month. If a revision is made, it is published with the HICP of the following month.

### ***Base Year Change***

In Europe, the national statistics institutes change the base year of their price indices every 5 to 10 years. This procedure is necessary to ensure that the index follows changes in the consumption pattern through a new consumer spending nomenclature. The resetting of the base generally accompanies changes in the definition of household consumption that occur when the national accounting system is modified. Since 2006, the index reference period has been set to 2005 = 100. In order to obtain a common price reference period, too, the weights for each year are "price updated" to December of the previous year.

More information on the HICP, including past and current levels, can be found at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>.

### ***HICP Linked Notes***

A HICP Linked Note is a type of Note where the interest payable and the nominal amount of the Note are both adjusted in line with the HICP. This means that both the interest amounts paid periodically and the principal required to be paid on redemption of the HICP Linked Note are adjusted to take account of changes in the HICP since the specified reference date for calculating the HICP (i.e. the index fixing date, as described below).

To calculate the HICP adjustment, two HICP ‘fixing’ figures are required – one that relates to the start of the Note’s life (the **Base HICP**) and one that relates to the relevant payment date. The real rate of interest offered on HICP Linked Notes (i.e. the rate before taking inflation into account) is fixed when the HICP Linked Notes are issued.

### ***Interest on HICP Linked Notes***

The interest amount due on each interest payment date of a HICP Linked Note will be adjusted to take into account the change in inflation between the Base HICP figure and the HICP figure relating to the relevant interest payment date, and is calculated using the following simple formula:

Specified Denomination x Real Rate of Interest x Day Count Fraction x (HICP relating to the relevant interest payment date/ Base HICP)

### ***Redemption of HICP Linked Notes***

Assuming that the Issuer is able to pay its debts in full and the HICP Linked Notes are not otherwise redeemed or purchased and cancelled in accordance with the Conditions, HICP Linked Notes will be repaid on their maturity date at their nominal amount, plus/less an additional amount reflecting any increase/decrease in the HICP between the Base HICP figure and the HICP figure relevant to the payment date. The redemption amount is calculated at a specified time prior to the maturity date, unless a maximum or minimum redemption amount is otherwise specified. Where the HICP figure relevant to the payment date is lower than the Base HICP, investors will receive less than the nominal amount of the HICP Linked Notes on the maturity date if no minimum redemption amount is specified, or if the minimum redemption amount is specified at an amount lower than the nominal amount.

The redemption amount due will be calculated as follows, unless a maximum or minimum redemption amount is specified:

Nominal Amount x [HICP figure relating to the maturity date / Base HICP]



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**THE ISSUER**

**UniCredit S.p.A.**  
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20154 Milan  
Italy

**THE TRUSTEE FOR THE HOLDERS OF THE ENGLISH LAW NOTES**

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United Kingdom

**PRINCIPAL PAYING AGENT AND TRANSFER AGENT**

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Canary Wharf  
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United Kingdom

**REGISTRAR**

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**AUDITORS**  
**Deloitte & Touche S.p.A.**

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Grand Duchy of Luxembourg

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**UniCredit Bank AG**  
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**LEGAL ADVISERS**

*To the Issuer as to English and Italian law*  
**Allen & Overy**  
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