

BASE PROSPECTUS



UNICREDIT S.p.A.

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

and

UNICREDIT BANK IRELAND p.l.c.

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

and

UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) S.A.

(incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, having its registered office at 8-10, rue Jean Monnet, L - 2180 Luxembourg and registered with the Luxembourg trade and companies register under number B.103.341)

unconditionally and irrevocably guaranteed by

UNICREDIT S.p.A.

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

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

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

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

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 ongoing 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.

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

Applications have been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the laws of Luxembourg, for the approval of this document as three base prospectuses in accordance with Article 5.4 of the Prospectus Directive. **Prospectus Directive** means Directive 2003/71/EC (as amended, including 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 Issuers in accordance with Article 7.7 of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market (as contemplated by Directive 2004/39/EC) and to be listed on the Official List of the Luxembourg Stock Exchange. Application may also be made for notification to be given to competent authorities in other Member States of the 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 2004/39/EC).

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

Except with respect to the information set out in this Base Prospectus under the heading "*Book Entry Clearance Systems*", each of UniCredit and (insofar as the contents of this Base Prospectus relate to it) UniCredit Ireland and UniCredit International Luxembourg, 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, UniCredit Ireland and UniCredit International Luxembourg accept responsibility accordingly.

The information relating to each of the Depository Trust Company (**DTC**), Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) has been accurately reproduced from information published by each of DTC, Euroclear and Clearstream, Luxembourg respectively. So far as each of UniCredit, UniCredit Ireland and UniCredit International Luxembourg is aware and is able to ascertain from

information published by the Clearing Systems, no facts have been omitted which would render the reproduced information misleading.

The 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.

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 Issuers, the Guarantor 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.

Arranger and Dealer

UNICREDIT BANK

The date of this Base Prospectus is 15 June 2017.

IMPORTANT INFORMATION

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

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 Issuers or the Guarantor in connection with the Programme. No Dealer or any of their respective affiliates or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuers or the Guarantor 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 Issuers are aware and are able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

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

No person is or has been authorised by the Issuers, the Guarantor or the Trustee to give any information or to make any representation not contained in or not consistent with this 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 Issuers, the Guarantor, 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 Issuers, the Guarantor, 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 relevant Issuer and/or the Guarantor. 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 Issuers, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

None of the Dealers, the Issuers, the Guarantor 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 Issuers and the Guarantor 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 Issuers or the Guarantor 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 documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

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, from 1 January 2018 are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (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.

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

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

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**. This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of 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 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*" below and provided that such person complies with the conditions specified in or attached to that consent.

Save as provided above, none of the Issuers, the Guarantor and any Dealer have authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuers or any Dealer to publish or supplement a prospectus for such 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 Issuers, the Guarantor, 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 Issuers, the Guarantor, the Dealer(s) or the Trustee 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 and the EEA (including the United Kingdom, the Republic of Italy, Ireland, 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.

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:

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- (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 Issuers' and/or the Guarantor'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 sections entitled "Risk Factors" and other sections of this Base Prospectus. The Issuers and the Guarantor have based these forward looking statements on the current view of their management with respect to future events and financial performance. Although each of the Issuers and the Guarantor 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 each of the Issuers and/or the Guarantor has otherwise identified in this Base Prospectus, or if any of the Issuers' and/or the Guarantor's underlying assumptions prove to be incomplete or inaccurate, the Issuers' and/or the Guarantor's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuers' ability to achieve and manage the growth of its business;
- the performance of the markets in Issuers' jurisdiction and the wider region in which the Issuers operate;
- the Issuers' ability to realise the benefits they expect from existing and future projects and investments they are undertaking or plan to or may undertake;
- the Issuers' ability to obtain external financing or maintain sufficient capital to fund their existing and future investments and projects;
- changes in political, social, legal or economic conditions in the markets in which the Issuers and their customers operate; and

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- actions taken by the Issuers' 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, each of the Issuers and the Guarantor 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 United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this 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" within the meaning of Rule 144A under the Securities Act (**QIBs**) or Institutional Accredited Investors (each as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

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

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

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

Available Information

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuers and the Guarantor have undertaken in a deed poll dated 15 June 2017 (the **Deed Poll**) to furnish, upon the request of a holder of such Notes or of any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144A(a)(3) of the Securities Act and the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Service of Process and Enforcement of Civil Liabilities

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

PRESENTATION OF INFORMATION

Investors should consult the Issuers 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 "*Terms and Conditions of the Notes*" 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;
- **euro, Euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, 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 Notes, the Issuers and the Guarantor. 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">• This summary should be read as an introduction to the base prospectus dated 15 June 2017 (the Base Prospectus).• 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.• 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.• 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.
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.]¹</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, [each of] the Issuer [and the Guarantor] consent[s] 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 (www.unicreditgroup.eu) 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</p>

¹ Delete this paragraph when preparing an issue specific summary.

		<p>the Markets in 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 Notes) described in the Final Terms dated [insert date] (the Final Terms) published by [UniCredit S.p.A./UniCredit Bank Ireland p.l.c./UniCredit International Bank (Luxembourg) S.A.] (the Issuer)[and unconditionally and irrevocably guaranteed by UniCredit S.p.A. (the Guarantor)]. 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>Offer period: 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 Offer Period).</p> <p>Conditions to consent: The conditions to the Issuer's [and the Guarantor'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 [specify each relevant Member State in which the particular Tranche of Notes can be offered].</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. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.</p>
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Section B – Issuers [and Guarantor]

Element	Title									
[B.1	Legal and commercial name of the Issuer	UniCredit S.p.A. (UniCredit)								
B.2	Domicile/ legal form/ legislation/ country of incorporation	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 registered office at Via A Specchi 16, 00186, Rome, Italy.								
B.4b	Trend information	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.								
B.5	Description of the Group	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 Banking Act) under number 02008.1 (the Group or the UniCredit Group) is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network, with 6,137 branches ² and 96,423 full time equivalent employees ³ , to its extensive 25 million strong client franchise. UniCredit offers local expertise as well as international reach and accompanies and supports its clients globally, providing clients with access to leading banks in its 14 core markets, as well as an another 18 countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Serbia and Turkey.								
B.9	Profit forecast or estimate	Not Applicable – No profit forecasts or estimates have been made in the Base Prospectus.								
B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.								
B.12	<p>Selected historical key financial information:</p> <p><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 2016 and 31 December 2015 for the UniCredit Group:</p> <table><tr><th>€ millions</th><th>Year ended 31 December 2016 (*)</th><th>Year ended 31 December 2015 (**)</th><th>Year ended 31 December 2015(***)</th></tr><tr><td>Operating income of</td><td>18,801</td><td>18,866</td><td>22,405</td></tr></table>		€ millions	Year ended 31 December 2016 (*)	Year ended 31 December 2015 (**)	Year ended 31 December 2015(***)	Operating income of	18,801	18,866	22,405
€ millions	Year ended 31 December 2016 (*)	Year ended 31 December 2015 (**)	Year ended 31 December 2015(***)							
Operating income of	18,801	18,866	22,405							

² Number of branches at regulatory view.

³ Group FTE are shown excluding UkrSotsbank (sold in 4Q16), Pioneer, Bank Pekao, and Immo Holding that are classified under IFRS5 and Ocean Breeze and Group Koç/YapiKredi (Turkey).

Element	Title			
	which:			
	– net interest	10,307	10,922	11,916
	– dividends and other income from equity investments	844	822	829
	– net fees and commissions	5,458	5,519	7,848
	Operating costs	(12,453)	(12,266)	(13,618)
	Operating profit	6,348	6,600	8,787
	Profit (loss) before tax	(10,978)	749	2,671
	Net profit (loss) attributable to the Group	(11,790)	1,694	1,694
<p>(*) The financial information relating to the financial year ended 31 December 2016 has been extracted from UniCredit's audited consolidated financial statements as of and for the year ended 31 December 2016, which have been audited by Deloitte & Touche S.p.A., UniCredit's external auditors.</p> <p>(**) In 2016 Reclassified income statement, comparative figures as at 31 December 2015 have been restated.</p> <p>(***) As published in "2015 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 2017 – Press Release of UniCredit and the unaudited Consolidated Interim Report as at 31 March 2016 – Press Release of UniCredit:</p>				
<i>€ millions</i>		31 March 2017 (****)	31 March 2016 (*****)	31 March 2016 (*****)
Operating income		4,833	4,674	5,476
of which:				
– net interest		2,564	2,631	2,876
– dividends and		170	212	212

Element	Title			
	other income from equity investments			
	– net fees and commissions	1,481	1,417	1,946
	Operating costs (loss)	(2,886)	(2,976)	(3,291)
	Operating profit	1,947	1,698	2,186
	Profit before tax	833	288	736
	Net profit attributable to the Group	907	406	406
<p>(****) The financial information relating to 31 March 2017 has been extracted from UniCredit's consolidated interim report as at 31 March 2017 - Press release.</p> <p>(*****) In 2016 Reclassified income statement, comparative figures as at 31 March 2016 have been restated.</p> <p>(*****) As published in " UniCredit's consolidated interim report as at 31 March 2016 - Press release".</p> <p>The figures in this table refer to the reclassified income statements as published at their reference date.</p> <p style="text-align: center;">Statement of Financial Position</p> <p>The table below sets out summary information extracted from the UniCredit Group's consolidated audited statement of financial positions as at and for the financial years ended 31 December 2016 and 31 December 2015:</p>				
<i>€ millions</i>	Year ended 31 December 2016 (*)	Year ended 31 December 2015(**)	Year ended 31 December 2015(***)	
Total assets	859,533	860,433	860,433	
Financial assets held for trading	87,467	89,995	90,997	
Loans and receivables with customers of which	444,607	445,382	473,999	
– Non-Performing loans(****)	24,995	38,268	38,920	

Element	Title			
	Financial liabilities held for trading	68,361	68,029	68,919
	Deposits from customers and debt securities in issue of which:	567,855	553,483	584,268
	– deposits from customers	452,419	419,686	449,790
	– securities in issue	115,436	133,797	134,478
	Shareholders' Equity	39,336	50,087	50,087
<p>(*) The financial information relating to the financial year ended 31 December 2016 has been extracted from UniCredit's audited consolidated financial statements as of and for the year ended 31 December 2016, which have been audited by Deloitte & Touche S.p.A., UniCredit's external auditors.</p> <p>(**) In 2016 Reclassified balance sheet, comparative figures as at 31 December 2015 have been restated.</p> <p>(***) As published in "2015 Consolidated Reports and Accounts".</p> <p>(****) The perimeter of Impaired loans is substantially equivalent to the perimeter of EBA NPE exposures.</p> <p>The figures in this table refer to the reclassified balance sheet.</p> <p>The table below sets out summary information extracted from the unaudited Consolidated Interim Report as at 31 March 2017 – Press Release of UniCredit and the unaudited Consolidated Interim Report as at 31 March 2016 – Press Release of UniCredit:</p>				
€ million	31 March 2017 (*****)	31 March 2016 (*****)	31 March 2016 (*****)	
Total assets	881,085	892,203	892,203	
Financial assets held for trading	86,191	97,239	97,880	
Loans and receivables with customers	452,766	455,756	483,282	
Financial liabilities held for trading	60,631	71,154	71,793	
Deposits from customers and debt securities in issue of which:	547,099	576,988	606,014	
– deposits from customers	437,996	449,360	477,833	

Element	Title				
	– securities in issue	109,103	127,628	128,181	
	Shareholders' Equity	52,723	50,431	50,431	
<p>(*****) The financial information relating to 31 March 2017 has been extracted from UniCredit's consolidated interim report as at 31 March 2017 - Press release.</p> <p>(*****) In 2016 Reclassified balance sheet, comparative figures as at 31 March 2016 have been restated.</p> <p>(*****) As published in " UniCredit's consolidated interim report as at 31 March 2016 - Press release".</p> <p>The figures in this table refer to the reclassified balance sheets as published at their reference date.</p> <p>Statements of no significant or material adverse change</p> <p>There has been no significant change in the financial or trading position of UniCredit and the Group since 31 March 2017 and there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2016. For the year ended 31 December 2016, UniCredit recorded a non-recurring negative impact of €13.1 billion on its net income resulting from the impact of certain actions provided for in the Strategic Plan. Consequently, the Group was temporarily breaching the Combined Buffer requirements and it was hence subject to distribution restrictions. Following the successful completion of the €13 billion Rights Offering on 2 March 2017, UniCredit fully restored all the applicable requirements.</p>					
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 companies. Please also see Element B.5 above.			
B.15	Principal activities	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.			
B.16	Controlling shareholders	Not Applicable - No individual or entity controls the Issuer within the meaning provided for in Article 93 of the Legislative Decree No. 58 of 24 February 1998 (the Financial Services Act), as amended.			
B.17	Credit ratings	UniCredit S.p.A. has been rated:			
		Description	Standard &	Moody's	Fitch ratings

Element	Title				
			Poor's		
		Short Term Counterparty Credit Rating	A-3	P-2	F2
		Long Term Counterparty Credit Rating	BBB-	Baa1	BBB
		Outlook	stable	stable	stable
		Tier II Subordinated Debt	BB	Ba1	BBB
		<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>			

Element	Title	
[B.1]	Legal and commercial name of the Issuer	UniCredit Bank Ireland p.l.c. (UniCredit Ireland)
B.2	Domicile/ legal form/ legislation/ country of incorporation	UniCredit Ireland is a public limited liability company incorporated under the laws of Ireland and domiciled in Ireland with registered office at La Touche House, International Financial Services Centre, Dublin 1, Ireland.
B.4b	Trend information	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.
B.5	Description of the Group	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 Banking Act) under number 02008.1 (the Group or the UniCredit Group) is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network, with 6,137 branches ⁴ and 96,423 full time equivalent employees ⁵ , to its extensive 25 million strong client

⁴ Number of branches at regulatory view.

⁵ Group FTE are shown excluding UkrSotsbank (sold in 4Q16), Pioneer, Bank Pekao, and Immo Holding that are classified under IFRS5 and Ocean Breeze and Group Koç/YapiKredi (Turkey).

Element	Title																															
		franchise. UniCredit offers local expertise as well as international reach and accompanies and supports its clients globally, providing clients with access to leading banks in its 14 core markets, as well as an another 18 countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Serbia and Turkey.																														
B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.																														
B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.																														
B.12	<p>Selected historical key financial information:</p> <p><i>Income Statement</i></p> <p>The table below sets out summary information extracted from the audited annual financial statements as at and for each of the financial years ended 31 December 2016 and 31 December 2015 for UniCredit Ireland:</p> <table> <tr> <th>UniCredit Ireland</th><th colspan="2">As at</th></tr> <tr> <th>€ millions</th><th>31 December 2016</th><th>31 December 2015</th></tr> <tr> <td>Operating income of which:</td><td>96</td><td>101</td></tr> <tr> <td>– net interest</td><td>107</td><td>116</td></tr> <tr> <td>– dividends and other income from equity investments</td><td>-</td><td>-</td></tr> <tr> <td>– net fees and commissions</td><td>(16)</td><td>(23)</td></tr> <tr> <td>Operating costs</td><td>(13)</td><td>(9)</td></tr> <tr> <td>Operating profit</td><td>85</td><td>92</td></tr> <tr> <td>Profit (loss) before tax</td><td>84</td><td>91</td></tr> <tr> <td>Net profit (loss)</td><td>73</td><td>80</td></tr> </table>		UniCredit Ireland	As at		€ millions	31 December 2016	31 December 2015	Operating income of which:	96	101	– net interest	107	116	– dividends and other income from equity investments	-	-	– net fees and commissions	(16)	(23)	Operating costs	(13)	(9)	Operating profit	85	92	Profit (loss) before tax	84	91	Net profit (loss)	73	80
UniCredit Ireland	As at																															
€ millions	31 December 2016	31 December 2015																														
Operating income of which:	96	101																														
– net interest	107	116																														
– dividends and other income from equity investments	-	-																														
– net fees and commissions	(16)	(23)																														
Operating costs	(13)	(9)																														
Operating profit	85	92																														
Profit (loss) before tax	84	91																														
Net profit (loss)	73	80																														
	<p><i>Statement of Financial Position</i></p> <p>The table below sets out summary information extracted from for UniCredit Ireland audited statements of financial position as at 31 December 2016 and 31 December 2015:</p> <table> <tr> <th>€ millions</th><th>31 December 2016</th><th>31 December 2015</th></tr> <tr> <td>Total assets</td><td>19,988</td><td>25,070</td></tr> </table>		€ millions	31 December 2016	31 December 2015	Total assets	19,988	25,070																								
€ millions	31 December 2016	31 December 2015																														
Total assets	19,988	25,070																														

Element	Title		
	Financial assets held for trading	6	6
	Loans and receivables with customers of which:	1,454	1,313
	– impaired loans	-	-
	Financial liabilities held for trading	3	0.5
	Deposits from customers and debt securities in issue of which:	12,388	13,378
	– deposits from customers	6,920	7,487
	– securities in issue	5,468	5,891
	Shareholders' Equity	2,293	2,346
	<p><i>Statements of no significant or material adverse change</i></p> <p>Not Applicable - There has been no significant change in the financial or trading position of UniCredit Ireland since 31 December 2016.</p> <p>There has been no material adverse change in the prospects of UniCredit Ireland since 31 December 2016.</p>		
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	<p>UniCredit Ireland is an autonomous operating unit within the wider Group and as a fully owned subsidiary is subject to the coordination and support of the parent entity. This support extends to UniCredit Ireland's financial dependence as evidenced by UniCredit's injection of €2.2 billion in share capital and capital contributions to facilitate its ongoing trading activities.</p> <p>Please also see Element B.5 above.</p>	
B.15	Principal activities	<p>UniCredit Ireland is engaged in the business of banking and provision of financial services. Its main business areas include credit and structured finance (including investing in loans, bonds, securitisation and other forms of asset financing), treasury activities (money market, repurchase agreements or "repos", Euro Over Night Index Average (EONIA) and other interest rate swaps and foreign exchange) and the issue of certificates of deposit, medium term notes and commercial paper.</p>	
B.16	Controlling shareholders	UniCredit Ireland is a wholly owned subsidiary of UniCredit S.p.A.	

Element	Title	
B.17	Credit ratings	<p>UniCredit Ireland is not rated.</p> <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>[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>
Element	Title	
[B.1]	Legal and commercial name of the Issuer	UniCredit International Bank (Luxembourg) S.A. (UniCredit International Luxembourg).
B.2	Domicile/ legal form/ legislation/ country of incorporation	UniCredit International Luxembourg is a public limited liability company (<i>société anonyme</i>) incorporated under the laws of the Grand Duchy of Luxembourg and domiciled in Luxembourg with registered office at 8-10 rue Jean Monnet, L-2180 Luxembourg.
B.4b	Trend information	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.
B.5	Description of the Group	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 Banking Act) under number 02008.1 (the Group or the UniCredit Group) is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network, with 6,137 branches ⁶ and 96,423 full time equivalent employees ⁷ , to its extensive 25 million strong client franchise. UniCredit offers local expertise as well as international reach and accompanies and supports its clients globally, providing clients with access to leading banks in its 14 core markets, as well as an another 18 countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Serbia and Turkey.
B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.
B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.

⁶ Number of branches at regulatory view.

⁷ Group FTE are shown excluding UkrSotsbank (sold in 4Q16), Pioneer, Bank Pekao, and Immo Holding that are classified under IFRS5 and Ocean Breeze and Group Koç/YapiKredi (Turkey).

Element	Title		
B.12	Selected historical key financial information:		
	<i>Income Statement</i>		
	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 2016 and 31 December 2015 for UniCredit International Luxembourg:		
	UniCredit International Luxembourg	As at	
	<i>€ millions</i>	Year ended 31 December 2016	Year ended 31 December 2015
	Operating income of which:	9	12
	– net interest	9	12
	Operating costs	(3)	(5)
	Profit	5	7
	Profit (loss) before tax	5	7
	Net profit (loss)	4	5
	<i>Statement of Financial Position</i>		
	The table below sets out summary information extracted from UniCredit International Luxembourg's audited consolidated statements of financial position as at and for each of the financial years ended 31 December 2016 and 31 December 2015:		
	<i>€ millions</i>	Year ended 31 December 2016	Year ended 31 December 2015
	Total assets	3,648	3,790
	Financial assets held for trading	4	2
	Loans and receivables with customers	20	35
	Financial liabilities held for trading	7	8

Element	Title		
	Deposits from customers and debt securities in issue of which:	2,634	2,821
	– deposits from customers	506	629
	– securities in issue	2,128	2,192
	Shareholders' Equity	287	281
	<p>Statements of no significant or material adverse change</p> <p>Not Applicable - there has been no significant change in the financial or trading position of UniCredit International Luxembourg since 31 December 2016.</p> <p>There has been no material adverse change in the prospects of UniCredit International Luxembourg since 31 December 2016.</p>		
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	<p>UniCredit International Luxembourg is a wholly owned subsidiary of UniCredit and owns a 100 per cent. interest in a subsidiary named UniCredit Luxembourg Finance S.A., whose principal object is the issue of securities in the U.S. market under a USD 10 billion medium term note programme guaranteed by UniCredit S.p.A.</p> <p>Please also see Element B.5 above.</p>	
B.15	Principal activities	<p>UniCredit International Luxembourg is engaged in the business of banking and the provision of financial services. Its main business areas include treasury activities (money market, repurchase agreements or "repos", interest rate swaps, foreign exchange), issue of certificates of deposit and structured notes, selective investments for its own account, treasury services for institutional and corporate counterparties, management of the remaining credit portfolio.</p>	
B.16	Controlling shareholders	UniCredit International Luxembourg is a wholly owned subsidiary of UniCredit.	
B.17	Credit ratings	<p>UniCredit International Luxembourg is not rated.</p> <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>[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>	
[B.18]	Description of the Guarantee	[[<i>To include in the case of Senior Notes:</i>][The Notes issued by [UniCredit Ireland] [UniCredit International Luxembourg] will be unconditionally and irrevocably guaranteed by the Guarantor.]	

Element	Title	
		[The obligations of the Guarantor under its guarantee will be direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank pari passu (subject to any obligations preferred by applicable law, including any obligations permitted by law to rank senior to the Senior Notes following the Issue Date) with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including any obligations subsequently permitted by law to rank junior to the Senior Notes following the Issue Date), if any) of the Guarantor from time to time outstanding.]
[B.19]	Information about the Guarantor	
B.19 B.1	Legal and commercial name of the Guarantor	UniCredit S.p.A. (UniCredit)
B.19 B.2	Domicile/ legal form/ legislation/ country of incorporation	The Guarantor is a <i>Società per Azioni</i> incorporated under the laws of the Republic of Italy and domiciled in the Republic of Italy with registered office at Via A. Specchi 16, 00186, Rome, Italy.
B.19 B.4b	Trend information	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Guarantor's prospects for its current financial year.
B.19 B.5	Description of the Group	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 Banking Act) under number 02008.1 (the Group or the UniCredit Group) is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network, with 6,137 branches ⁸ and 96,423 full time equivalent employees ⁹ , to its extensive 25 million strong client franchise. UniCredit offers local expertise as well as international reach and accompanies and supports its clients globally, providing clients with access to leading banks in its 14 core markets, as well as an another 18 countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Serbia and Turkey.
B.19 B.9	Profit forecast or estimate	Not Applicable – No profit forecasts or estimates have been made in the Base Prospectus.
B.19 B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.

⁸ Number of branches at regulatory view.

⁹ Group FTE are shown excluding UkrSotsbank (sold in 4Q16), Pioneer, Bank Pekao, and Immo Holding that are classified under IFRS5 and Ocean Breeze and Group Koç/YapiKredi (Turkey).

Element	Title			
B.19 B.12	Selected historical key financial information:			
	Income Statement			
	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 2016 and 31 December 2015 for the UniCredit Group:			
	€ millions	Year ended 31 December 2016 (*)	Year ended 31 December 2015 (**)	Year ended 31 December 2015 (***)
	Operating income of which:	18,801	18,866	22,405
	– net interest	10,307	10,922	11,916
	– dividends and other income from equity investments	844	822	829
	– net fees and commissions	5,458	5,519	7,848
	Operating costs	(12,453)	(12,266)	(13,618)
	Operating profit	6,348	6,600	8,787
	Profit (loss) before tax	(10,978)	749	2,671
	Net profit (loss) attributable to the Group	(11,790)	1,694	1,694
	(*) The financial information relating to the financial year ended 31 December 2016 has been extracted from UniCredit’s audited consolidated financial statements as of and for the year ended 31 December 2016, which have been audited by Deloitte & Touche S.p.A., UniCredit’s external auditors.			
	(**) In 2016 Reclassified income statement, comparative figures as at 31 December 2015 have been restated.			
	(***) As published in "2015 Consolidated Reports and Accounts".			
	The figures in this table refer to the reclassified income statement.			
	The table below sets out summary information extracted from the unaudited Consolidated Interim Report as at 31 March 2017 – Press Release of UniCredit and the unaudited Consolidated Interim Report as at 31 March 2016 – Press Release of UniCredit:			
	€ millions	31 March 2017 (****)	31 March 2016 (*****)	31 March 2015 (*****)
Operating income	4,833	4,674	5,476	
of which:				

Element	Title				
	– net interest	2,564	2,631	2,876	
	– dividends and other income from equity investments	170	212	212	
	– net fees and commissions	1,481	1,417	1,946	
	Operating costs (loss)	(2,886)	(2,976)	(3,291)	
	Operating profit	1,947	1,698	2,186	
	Profit before tax	833	288	736	
	Net profit attributable to the Group	907	406	406	
<p>(****) The financial information relating to 31 March 2017 has been extracted from UniCredit's consolidated interim report as at 31 March 2017 - Press release.</p> <p>(*****) In 2016 Reclassified income statement, comparative figures as at 31 March 2016 have been restated.</p> <p>(*****) As published in " UniCredit's consolidated interim report as at 31 March 2016 - Press release". The figures in this table refer to the reclassified income statements as published at their reference date.</p>					
<p style="text-align: center;"><i>Statement of Financial Position</i></p> <p>The table below sets out summary information extracted from UniCredit Group's audited statement of financial positions as at and for each of the financial years ended 31 December 2016 and 31 December 2015:</p>					

€ millions	Year ended 31 December 2016 (*)	Year ended 31 December 2015 (**)	Year ended 31 December 2015 (***)
Total assets	859,533	860,433	860,433
Financial assets held for trading	87,467	89,995	90,997
Loans and	444,607	445,382	473,999

receivables with customers of which:			
– Non-Performing loans(****)	24,995	38,268	38,920
Financial liabilities held for trading	68,361	68,029	68,919
Deposits from customers and debt securities in issue of which:	567,855	553,483	584,268
– deposits from customers	452,419	419,686	449,790
– securities in issue	115,436	133,797	134,478
Shareholders' Equity	39,336	50,087	50,087
<p>(*) The financial information relating to the financial year ended 31 December 2016 has been extracted from UniCredit's audited consolidated financial statements as of and for the year ended 31 December 2016, which have been audited by Deloitte & Touche S.p.A., UniCredit's external auditors.</p> <p>(**) In 2016 Reclassified balance sheet, comparative figures as at 31 December 2015 have been restated.</p> <p>(***) As published in "2015 Consolidated Reports and Accounts".</p> <p>(****) The perimeter of Impaired loans is substantially equivalent to the perimeter of EBA NPE exposures.</p> <p>The figures in this table refer to the reclassified balance sheet.</p> <p>The table below sets out summary information extracted from the unaudited Consolidated Interim Report as at 31 March 2017 – Press Release of UniCredit and the unaudited Consolidated Interim Report as at 31 March 2016 – Press Release of UniCredit:</p>			
<i>€ million</i>	31 March 2017 (*****)	31 March 2016 (*****)	31 March 2016 (*****)
Total assets	881,085	892,203	892,203
Financial assets held for trading	86,191	97,239	97,880
Loans and receivables with customers	452,766	455,756	483,282
Financial liabilities held for trading	60,631	71,154	71,793
Deposits from customers and debt securities in issue	547,099	576,988	606,014

	<table><tr><td>of which:</td><td></td><td></td><td></td></tr><tr><td>– deposits from customers</td><td>437,996</td><td>449,360</td><td>477,833</td></tr><tr><td>– securities in issue</td><td>109,103</td><td>127,628</td><td>128,181</td></tr><tr><td>Shareholders' Equity</td><td>52,723</td><td>50,431</td><td>50,431</td></tr></table>	of which:				– deposits from customers	437,996	449,360	477,833	– securities in issue	109,103	127,628	128,181	Shareholders' Equity	52,723	50,431	50,431	
of which:																		
– deposits from customers	437,996	449,360	477,833															
– securities in issue	109,103	127,628	128,181															
Shareholders' Equity	52,723	50,431	50,431															
	<p>(****) The financial information relating to 31 March 2017 has been extracted from UniCredit's consolidated interim report as at 31 March 2017 - Press release.</p> <p>(*****) In 2016 Reclassified balance sheet, comparative figures as at 31 March 2016 have been restated.</p> <p>(*****) As published in " UniCredit's consolidated interim report as at 31 March 2016 - Press release".</p> <p>The figures in this table refer to the reclassified balance sheets as published at their reference date.</p> <p>Statements of no significant or material adverse change</p> <p>There has been no significant change in the financial or trading position of UniCredit and the Group since 31 March 2017 and there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2016. For the year ended 31 December 2016, UniCredit recorded a non-recurring negative impact of €13.1 billion on its net income resulting from the impact of certain actions provided for in the Strategic Plan. Consequently, the Group was temporarily breaching the Combined Buffer requirements and it was hence subject to distribution restrictions. Following the successful completion of the €13 billion Rights Offering on 2 March 2017, UniCredit fully restored all the applicable requirements.</p>																	
B.19 B.13	Events impacting the Guarantor's solvency	Not Applicable - There are no recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency.																
B.19 B.14	Dependence upon other Group entities	<p>The Guarantor is the parent company of the UniCredit Group and carries out, in addition to banking activities, organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.</p> <p>Please also see Element B.19 B.5 above</p>																
B.19 B.15	The Guarantor's Principal activities	<p>The Guarantor, 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.19 B.16	Controlling shareholders	Not Applicable - No individual or entity controls the Guarantor within the meaning provided for in Article 93 of the Legislative Decree No. 58 of 24 February 1998 (the Financial Services Act), as amended.																
B.19 B.17	Credit ratings	UniCredit S.p.A. has been rated:																

		Description	Standard & Poor's	Moody's	Fitch ratings
		Short Term Counterparty Credit Rating	A-3	P-2	F2
		Long Term Counterparty Credit Rating	BBB-	Baa1	BBB
		Outlook	stable	stable	stable
		Tier II Subordinated Debt	BB	Ba1	BBB

Section C – Securities

Element	Title	
C.1	Description of Notes/ISIN	<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 [] [unconditionally and irrevocably guaranteed by UniCredit S.p.A.].</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	Currency	<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.\$)/Renminbi (CNY), which is the currency of the People's Republic of China/<i>Other</i> ([])].</p>
C.5	Restrictions on transferability	The Notes may not be transferred prior to the Issue Date.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p>Governing law</p> <p>The rights of the investors in connection with the Notes and any non-contractual obligations will be governed by English law[, except for the right of the investors in connection with the status of the [Subordinated Notes issued by UniCredit] and any non-contractual obligations arising out thereof which shall be governed by, and construed in accordance with, Italian law].</p>

		<p>Status[and Subordination]</p> <p>[[<i>Insert in the case of Senior Notes</i>]]The Notes issued on a Senior basis constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu among themselves and (subject to any obligations preferred by applicable law, including any obligations permitted by law to rank senior to the Senior Notes following the Issue Date) with all other unsecured obligations (other than obligations ranking junior to the Senior Notes from time to time (including any obligations subsequently permitted by law to rank junior to the Senior Notes following the Issue Date), if any) of the Issuer, from time to time outstanding.</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 Regulatory Capital Requirements at the relevant time (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>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 or a Relevant Resolution 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 issued by UniCredit S.p.A.</i>]] 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>[[<i>Insert in the case of Senior Notes</i>]]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, in respect of such Note and, in the case of Guaranteed Notes, the Guarantee.]</p> <p>[[<i>Insert in the case of Subordinated Notes issued by UniCredit S.p.A.</i>]] 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, in respect of such Note.]</p>
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	<p>Events of default</p> <p><i>[Insert in the case of Senior Notes]</i> [The terms of the Senior Notes will contain, amongst others, the following events of default:</p> <p><i>[Insert the case of Senior Notes issued by UniCredit]</i></p> <ul style="list-style-type: none"> • 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); <p><i>[Insert the case of Senior Notes issued by UniCredit Ireland or UniCredit International Luxembourg]</i></p> <ul style="list-style-type: none"> • the Issuer shall be insolvent, wound up, liquidated or dissolved (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); <p>upon the occurrence of the above, 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 and, in the case of the Guaranteed Notes, the Guarantor that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest.]</p> <p><i>[Insert in the case of Subordinated Notes]</i> [The terms of the Subordinated Notes will contain, amongst others, the following event of default:</p> <ul style="list-style-type: none"> • 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; <p>upon the occurrence of the above, 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 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.]</p>
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Contractual recognition of statutory bail-in powers

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, the Guarantor (in the case of Guaranteed Notes) 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.

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.

Meetings

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.

Taxation

All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by (a) the Republic of Italy, in the case of Notes issued by UniCredit and Guaranteed Notes, (b) Ireland, in the case of Notes issued by UniCredit Ireland and (c) Luxembourg, in the case of Notes issued by UniCredit International Luxembourg. In the event that any such deduction is made, the Issuers or, as the case may be, the Guarantor will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.

		<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 Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or law implementing an intergovernmental approach thereto.</p> <p>Prescription</p> <p>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 date on which such payment first becomes due.</p>
C.9	Interest/Redemption	<p>Interest</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 relevant Issuer acting in good faith and in a commercially reasonable manner, the relevant Issuer is not able to pay any amount in respect of the Notes, the relevant 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>Interest Rate</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] [<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>

[[Insert in the case of Inflation Linked Interest Notes:] The Notes bear Inflation linked interest [from their date of issue/from []]. The interest rate is dependent on the performance of 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) (the **HICP**)] [Inflation for Blue Collar Workers and Employees - Excluding Tobacco Consumer Price Index Unrevised (*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 **Italy CPI**)] [] [for each interest period] [[In the case of a factor insert:], multiplied with a factor of [insert factor]] [[In the case of a margin, insert:] [], plus][, minus] the margin of [insert percentage] 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 [].]

[In the case of a minimum and/or maximum rate of interest, insert:] The amount of interest payable on the Notes is subject to [insert the minimum/maximum rate of interest].]

[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]

Underlyings

[Not Applicable. Interest on the Notes is not based on an underlying.]

[Insert in the case of CMS Linked Notes:] [insert CMS Rate(s)]

[Insert in the case of Zero Coupon Notes:] Not Applicable.]

[Insert in the case of Inflation Linked Interest Notes:] The value of the Notes may be affected by the [performance of [insert the relevant inflation index]].

[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:

$$\text{Rate of Interest} = [[\text{Index Factor}] * \text{YoY Inflation}] + \text{Margin}$$

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 has the meaning given to it 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 (as specified in the Final Terms) 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 (as specified in the Final Terms) 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 (as specified in the Final Terms) falling in month (t), the value calculated in accordance with the following formula:

$$\left[\frac{\text{Inflation Index}(t)}{\text{Inflation Index}(t-1)} - 1 \right]$$

Redemption

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.

[Insert in the case of Inflation Linked Interest Notes:] [Inflation Linked Interest Notes may be redeemed before their stated maturity at the option of the relevant 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.]

Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [] at par.

The Notes may be redeemed early [for tax reasons] [or] [for regulatory reasons] [or][at the option of the Issuer] at [specify the early redemption price and any maximum or minimum redemption amounts].

Repayment Procedure

[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>[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 prima facie 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>Representative of holders</p> <p>The Issuer has appointed Citicorp Trustee Company Limited (the Trustee) to act as trustee for the holders of Notes. The trustee may, without the consent of any holders 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 Notes or (ii) determine without the consent of any holders 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 Notes in place of the Issuer.</p> <p>Please also refer to Element C.8.</p>
C.10	Derivative component in the interest payments	<p>[Interest payments under the Floating Rate Notes depend on the development of the [insert []-Euribor] [insert []-Libor] [insert CMS rate] 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>

C.11	Admission to trading on a regulated market	<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.] [The Notes are not intended to be admitted to trading on any market.]</p>
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Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuers [and the Guarantor]	<p>In purchasing Notes, investors assume the risk that the Issuers and the Guarantor 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 Issuers and the Guarantor 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 Issuers and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuers' and the Guarantor's control. The Issuers and the Guarantor have identified a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes. These factors include:</p> <ul style="list-style-type: none"> • risks connected with the Strategic Plan; • risks associated with the impact of the current macroeconomic uncertainties and the volatility of the markets on the Group's performance; • risks connected with the volatility of markets on the performance of the Group; • risks connected with the Group's activities in different geographical areas; • credit risk and risk of credit quality deterioration; • risks related to the income results of the Group for the years ended 31 December 2016; • risks associated with forbearance on non-performing loans; • risks associated with UniCredit's participation in the Atlante fund and the Atlante II fund; • risks associated with the Group's exposure to sovereign debt; • liquidity risk; • risks related to intra-group exposure; • market risks; • risks connected with interest rate fluctuations; • risks connected with exchange rates; • Risks associated with borrowings and evaluation methods of the assets and liabilities; • risks related to deferred taxes;

		<ul style="list-style-type: none"> • risks connected with the interests in the capital of the Bank of Italy; • counterparty risk in derivative and repo operations; • risks connected with exercising the Goodwill Impairment Test and losses in value relating to goodwill; • risks connected with existing alliances and joint ventures; • risks connected with the performance of the property market; • risks connected with pensions; • risks connected with risk monitoring methods and the validation of such methods; • risks relating to the IT systems management; • risks connected with non-banking activities; • risks connected with legal proceedings in progress and supervisory authority measures; • risks arising from tax disputes; • risks related to international sanctions with regard to sanctioned countries and to investigations and/or proceedings by the U.S. authorities; • risks connected with the organizational and management model pursuant to Legislative Decree 231/2001 and the accounting administrative model pursuant to Law 262/2005; • risks connected with Alternative Performance Indicators; • risks connected with operations in the banking and financial sector; • risks connected with the entry into force of new accounting principles and changes to applicable accounting principles; • risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit); • implementation of Basel III and CRD IV; • forthcoming regulatory changes; • ECB Single Supervisory Mechanism; • 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
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		<p>adversely affect the value of any Notes and/or the rights of Noteholders;</p> <ul style="list-style-type: none"> • Implementation of BRRD in Luxembourg; • Implementation of BRRD in Ireland; • as of 2016 the UniCredit Group is subject to the provisions of the Regulation establishing the Single Resolution Mechanism; • the UniCredit Group may be subject to a proposed EU regulation on mandatory separation of certain banking activities; • the UniCredit Group may be affected by a proposed EU Financial Transactions Tax; and • any rating downgrades of UniCredit or other entities of the Group would increase the re-financing costs of the Group and may limit its access to the financial markets and other sources of liquidity.
D.3	Key risks regarding the Notes	<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>Key risks regarding to certain types of Notes</p> <p>Notes subject to optional redemption by the relevant Issuer: the relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.</p> <p>If the relevant 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> <p>There are certain risks associated with investing in Subordinated Notes. These risks include:</p> <ul style="list-style-type: none"> • 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; • 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 relevant Issuer at the relevant time (the Relevant Authority) be given the power to do so. The Subordinated Notes issued under the Programme include provisions setting out that the obligations of the relevant 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 • the regulatory classification of the Notes - although it is the Issuers' 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. <p>There are certain risks associated with investing in Inflation Linked Interest Notes. These risks include:</p> <ul style="list-style-type: none"> • 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; • 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; • 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 • 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.
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	<p>There are certain risks associated with investing in Renminbi Notes. These risks include:</p> <ul style="list-style-type: none">• 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;• there is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the relevant Issuer's ability to source Renminbi outside the PRC to service the Renminbi Notes;• an investment in Renminbi Notes is subject to exchange rate risk;• an investment in Renminbi Notes is subject to interest rate risk;• an investment in Renminbi Notes is subject to risk of change in the regulatory regime governing the issuance of Renminbi Notes; and• payments in respect of the Renminbi Notes will only be made to investors in the manner specified in the Renminbi Notes;• The value of Fixed Rate Notes may be adversely affected by movements in market interest rates; and• Credit ratings assigned to the Issuers, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.
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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 Issuers for their 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.¹⁰</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 [8viii] and [9] of Part 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 Issuers and the Guarantor and their affiliates in the ordinary course of business.¹¹</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 services for, the Issuer [and the Guarantor] and [its/their respective] 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>

¹⁰ Delete this paragraph when preparing the issue specific summary note.

¹¹ Delete this paragraph when preparing the issue specific summary note.

Element	Title	
E.7	Expenses charged to the investor by the Issuer or an Offeror	<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

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

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

Each of the Issuers and the Guarantor believes that the factors described below represent the material risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons. The Issuers and the Guarantor have identified in this “Risk Factors” section a number of factors which could materially adversely affect their 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 Issuers and the Guarantor.

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

Risks connected with the Strategic Plan

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

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

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

In addition to the above, the Plan Objectives are also based on several assumptions that include actions already undertaken by management or actions that management should undertake over the course of the plan, such as, inter alia, the capital strengthening measures (including, *inter alia*, the **M&A Asset Sale Transactions**) and the preparatory activities for improving the quality of balance sheet assets (the latter in relation, specifically, to the reduction of the non-core loans portfolio and the increase of the coverage ratio of impaired loans and unlikely-to-pay loans in the Italian loan portfolio), the proactive reduction of the risk of balance sheet assets and the improvement of the quality of new loans, the transformation of the operating model, the maximisation of the value of the commercial bank and the adoption of a lean governance model that is strongly directed at the coordination of activities. To this extent, certain assumptions of the Strategic Plan refer to the implementation of measures – as well as the prosecution of such measures in accordance with the previous industrial plan announced on November 2015 – within the UniCredit Group and in relation to the activities of certain subsidiaries.

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

impacts, including significant ones, on the operating results, capital and financial position of UniCredit and/or the Group.

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

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

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

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

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

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

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

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

This situation of uncertainty which has characterised the global economy since the 2008 crisis has caused, among other things, significant problems for the ordinary activities of a number of leading commercial banks, investment banks and insurance companies, some of which have become insolvent or have had to be

incorporated into other financial institutions or request assistance from governmental authorities or central banks and the International Monetary Fund (the **IMF**), which have intervened by injecting liquidity and capital into the system and by participating in the recapitalisation of certain financial institutions. Added to this are other negative factors, such as an increase in unemployment levels and a general fall in demand for financial services.

At the date of this Base Prospectus the macroeconomic situation featured a high level of uncertainty in relation to: (a) the recent developments associated with the referendum in the United Kingdom and the subsequent triggering of Article 50 of the Lisbon Treaty and the consequences resulting from the failed approval of the constitutional reform subject to the referendum in Italy on 4 December 2016; (b) the trends of the real economy and specifically the prospects of recovery and consolidation of the domestic economic growth dynamics and the economies in those countries, like the United States and China; (c) future developments of the European Central Bank (the **ECB**) and the U.S. Federal Reserve (the **FED**) monetary policies; (d) a continuous change in the banking sector at global level, and specifically at European level, which has led to a progressive reduction in the spread between lending and borrowing rates; (e) the sustainability of the sovereign debts of several countries and the related tensions recorded, more or less repeatedly, on the financial markets; and (f) the potential renegotiation or failed agreement of international commercial agreements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Therefore, should these adverse economic conditions persist in Italy, or a lasting situation of political and economic uncertainty continue and/or the economic recovery prove to be slower than in other countries of the Organisation for Economic Co-operation and Development (OECD), this could have a further significant negative impact on the assets and the operations, balance sheet and/or income statement of the relevant Issuer and/or the Guarantor, as the case may be, and/or the UniCredit Group.

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

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

the strongly export-orientated German economy, with potential negative consequences on the subsidiaries of the UniCredit Group operating in Germany, in particular, on UniCredit Bank AG (UCB AG).

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

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

In this regard, please note that, under the 2016 Supervisory Review and Evaluation Process (SREP), as areas of vulnerability, uncertainty and potential risk, in terms of the deterioration of the credit quality of assets, the ECB reported the Group's operations in Russia and Turkey on account of possible macro-economic and political developments in these countries.

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

In addition to the above, the lower growth rates in CEE countries' economies than those recorded in the past, together with negative repercussions in these countries resulting from the uncertainties of the economies of Eastern European countries, could have a negative impact on the Group reaching its strategic objectives and, therefore, on the assets and the operations, balance sheet and/or income statement of the relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, may have a level of impaired loans that is not in line with regard to the figures recorded by its main competitors in the same period. Specifically, note that the percentage of gross impaired loans of the UniCredit Group is expected to be at a higher level than the average percentage of gross impaired loans of the Issuers' main European competitors with regard to 31 December 2016.

The Group has adopted valuation policies for customer loans and receivables that take into account write-downs recorded on asset portfolios for which objective loss events have not been identified. These portfolios are subject to a write-down which, taking into account the relevant risk factors with similar characteristics, is calculated partly through statistically defined coverage levels based on available information and historical data. However, in the event of 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 relevant Issuer and/or the Guarantor, as the case may be, and/or of UniCredit Group.

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

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

In addition, on 20 March 2017, the ECB published the "Guidance to banks on non-performing loans" following a consultation conducted between 12 September and 15 November 2016. These guidelines address the main aspects of the management of non-performing loans, including the definition of the NPL strategy and of the operational plan to the NPL governance and operations, and provide several recommendations, based on best practices, that constitute, in the future, the ECB single supervisory mechanism's (the **Single Supervisory**

Mechanism or SSM) expectations. Specifically, the guidelines require all banks with a high degree of non-performing loans to establish a clear strategy in line with their own business plan and risk management framework, aimed at reducing the amount of non-performing loans, in a credible and timely manner. The above-mentioned guidelines are among the factors that have determined the execution of the “Porto Project” through the increasing of the coverage ratio on impaired loans and on unlikely-to-pay loans in the Italian loans portfolio, following the changes in estimates, in turn resulting from the changed management approach to non-performing loans approved by the Issuers’ Board of Directors and aimed at accelerating the reduction, adopted by UniCredit and other Italian Group companies in December 2016.

Loss Given Default (LGD)

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

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

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

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

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

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

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

Risks associated with forbearance on non-performing loans

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

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

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

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

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

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

Pursuant to each Framework Agreement, one of the objectives of phase 1 is obtaining the accounting derecognition of the portfolio sold. According to IAS 39, portfolios sold will be subject to accounting derecognition from the financial statements of UniCredit (i) once essentially all risks and associated benefits are transferred to independent third parties or (ii) once a sufficient part of the risks and benefits is transferred to third parties provided that the control of the credit components of said portfolios is not maintained. As at the date of this Base Prospectus, UniCredit is performing the necessary qualitative-quantitative analyses, in particular those related to the pricing mechanism of deferred subscription and to the structure of the securitisation transactions covered by the Framework Agreement, aimed at supporting prospectively the verification of the existence of the conditions mentioned above and the verification of the significant risk transfer as well as the related regulatory treatments of the Fino Project.

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

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

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

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

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

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

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

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

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

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

- (i) the results of the consultation process regarding the review of the methods for estimating the PD and LGD indicators, as well as the treatment of impaired loans, launched by the EBA in November 2016; and
- (ii) the development of the regulatory framework or interpretive guidelines, which could involve implementation and/or adjustment costs or impacts on the operations of UniCredit and/or the Group.

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

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

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

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

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

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

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

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

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

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

With reference to the commitment held by UniCredit towards the Atlante Funds, the regulatory treatment for risk weighted assets purposes foresees the application of a Credit Conversion Factor equal to 100 per cent. ("full risk") according to the Annex I of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the **CRD IV Regulation**).

Risks associated with the Group's exposure to sovereign debt

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

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

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

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

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

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

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

Liquidity Risk

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

Funding liquidity risk refers to the risk that the Issuer may not be able to meet its payment obligations, including financing commitments, when these become due. In light of this, the availability of the liquidity needed to carry out the Group's various activities and the ability to access long-term loans are essential for the Group to be able to meet its anticipated and unforeseen cash payment and delivery obligations, so as not to impair its day-to-day operations or financial position. The crisis that hit international financial markets and the subsequent instability gave rise to a considerable reduction in the liquidity accessible through private financing channels, resulting in major monetary policy interventions by the ECB, the reduction of which could lead the relevant Issuer and/or the Guarantor, as the case may be, and/or the Group legal entities to access the wholesale debt market to a greater extent than in the past. With reference to the funding liquidity risk note that as at 31 March 2017, the cash horizon of the UniCredit Group was more than one year. This managerial indicator identifies the number of days beyond which each liquidity reference bank is no longer capable of meeting its payment obligations for the management of liquidity. For this purpose, the cash horizon also takes into account the use of readily marketable securities both at the central banks accessible by the Group and at market counterparties.

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

- the short-term indicator Liquidity Coverage Ratio (LCR), which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by UniCredit) and the net cash imbalance accumulated over a 30-day stress period; as of 1 January 2016, the indicator is subject to a minimum regulatory requirement of 70 per cent., which increased to 80 per cent. from 1 January 2017 and will increase to 100 per cent. from 1 January 2018;

- the 12-month structural liquidity indicator Net Stable Funding Ratio (**NSFR**), which corresponds to the ratio between the available amount of stable funding and the statutory amount of stable funding. The finalisation of this requirement will be carried out in the regulatory terms. More specifically and on the basis of the Basel III Phase In Arrangements document, the *minimum standard requirement* should be introduced as of 1 January 2018. In Europe, the Basel NSFR rule is proposed to be transposed through a revision of the CRD IV Regulation and will then be applicable two years after the entering into force of the revised CRD IV Regulation.

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

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

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

Risks associated with system liquidity support

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

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

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

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

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

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

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

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

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

Risks related to intra-group exposure

The UniCredit Group companies have historically financed other Group companies, in line with the practices of other banking groups operating in multiple countries, by transferring excess liquidity from one Group legal entity to another. In the past, one of the most significant intra-group exposures was that of UCB AG vis-à-vis UniCredit. UCB AG also has considerable continuous intra-group credit exposures, because the Group’s investment banking activities are centralised within it and it acts as an intermediary between Group legal entities and market counterparties in financial risk hedging transactions. Due to the nature of this activity, UCB AG’s intra-group credit exposure is volatile and may undergo significant changes from day to day.

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

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

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

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

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

Market risks

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

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

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

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

The broad risk measures include:

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

- Stress Test as Warning Level (**STWL**), the potential loss in value of a portfolio calculated on the basis of a specific identified scenario.

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

The granular risk measures include:

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

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

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

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 relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

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

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

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

Risks connected with exchange rates

A significant portion of the business of the UniCredit Group is done in currencies other than the Euro, predominantly in Polish zloty¹², Turkish lira, U.S. dollars, Swiss francs and Japanese yen. This means that the effects of exchange rate trends could have a significant influence on the assets and the operations, balance sheet and/or income statement of the relevant Issuer and/or the Guarantor, as the case may be, and/or the Group. This exposes the UniCredit Group to the risks connected with converting foreign currencies and carrying out transactions in foreign currencies.

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

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

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

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

Risks associated with borrowings and evaluation methods of the assets and liabilities of the relevant Issuer and/or the Guarantor

In conformity with the framework dictated by the International Financial Reporting Standards (IFRS), the relevant Issuer and/or the Guarantor, as the case may be, 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".

¹² For the sake of completeness, note that the UniCredit Groups' activities in Polish zloty are mainly conducted by Bank Pekao and its subsidiaries.

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

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

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

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

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

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

Specifically with reference to the measurement of investments in associates and joint ventures (as defined by IAS 28) or unconsolidated control or control for the purpose of the separate financial statements of the relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

Risks relating to deferred taxes

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

Under the terms of Law 214/2011, DTAs related to loan impairments and loan losses, or to goodwill and certain other intangible assets, may be converted into tax credits where the company has a full-year loss in its non-consolidated accounts (to which such convertible DTAs relate) (**Convertible DTAs**). The conversion into tax

credits operates with respect to Convertible DTAs recognised in the accounts of the company with the non-consolidated full-year loss, and a proportion of the deferred tax credits are converted in accordance with the ratio between the amount of the full-year loss and the company's shareholders' equity.

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

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

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

UniCredit exercised the above-mentioned option by paying before 31 July 2016 deadline the fee due for 2016 of €126.9 million by the Group companies to which such regime is applicable. In the consolidated financial statements for the financial year ended 31 December 2016, an estimated amount of €253.7 million was recognized, which includes the fee due for the year 2015, paid in July 2016, and an estimation of the fee due for year 2016. On 17 February 2017, upon conversion into law of the Decree "*salva-risparmio*" (Law Decree No. 237/2016), amendments to article 11 of the Law Decree 59/2016 has been introduced, among which the one year postponement for the DTA fee payment period from 2015-2029 to 2016-2030. These amendments have been considered as "nonadjusting events" as of 31 December 2016, the preconditions of "virtual certainty" and "substantively enactment" required by the IFRS in order to recognise the effect of these amendments where not fulfilled in the consolidated financial statements for the financial year ended 31 December 2016.

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

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

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

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

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

As of 31 December 2016, non-convertible DTAs for tax losses totaled €524 million (€487 million as of 31 December 2015) related primarily to the German subsidiary, Bayerische Hypo-und Vereinsbank AG (HVB), for €366 million (€369 million as of 31 December 2015), and related to UniCredit for €90 million (zero as of 31 December 2015). Pursuant to accounting principle IAS 12, the DTA on the tax losses carried forward and on the ACE surpluses, together with other DTAs that are not convertible into tax credits pursuant to Law 214/2011, have been recorded in the consolidated financial statements for the financial year ended 31 December 2016 (as well as in the consolidated financial statements for the financial year ended 31 December 2015) upon verification of the reasonable existence of future taxable incomes as shown from the business plan sufficient to ensure their recovery in the coming years (known as the probability test).

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

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

Risks connected with interests in the capital of Bank of Italy

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

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

Counterparty risk in derivative and repo operations

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

These operations expose the UniCredit Group to the risk that the counterparty of said derivative contracts or repos may fail to fulfil its obligations or may become insolvent before the contract matures, when the relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, and/or Group.

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

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

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

The parameters and information used to verify the sustainability of the goodwill (specifically the financial projections and discount rates used) were greatly influenced by the macroeconomic and market context, which could be affected by unforeseeable changes at the date of this Base Prospectus. The effect of these changes, as well as changes in corporate strategies, could lead to a revision in the financial statements of future years of the cash flow estimates relating to individual operating sectors and the adoption of the main financial parameters (discount rates, expected growth rates, common equity tier 1 ratio, etc.) which could have repercussions on the future results of impairment tests, with consequent possible further adjustments in value to goodwill and impacts, including significant ones, on the operations, balance sheet and/or income statement of the relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

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

Risks connected with existing alliances and joint ventures

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

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

At the date of this Base Prospectus, the underlying assumptions of the above-mentioned protective investment clauses have not been met and therefore, as at the date of this Base Prospectus, the relevant Issuer and/or the Guarantor, as the case may be, does not have definitive obligations to purchase the equity investments pertaining to one or more contractual counterparties. If these assumptions were to be met and the relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

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

In addition, under the scope of the transaction relating to the sale of the Pioneer Global Asset Management S.p.A.'s (**PGAM**) assets, UniCredit, UCB AG and UniCredit Bank Austria AG (**UCB Austria**) will sign separate distribution agreements with several companies of the group whose parent company is PGAM. These agreements involve UniCredit Group companies meeting specific annual targets in terms of sales volumes, which, if they fail to reach will result in the activation of specific compensation liabilities pertaining to the respective UniCredit Group companies, which could result in negative impacts on the operating results and capital and financial position of the relevant Issuer and/or the Guarantor, as the case may be, and/or the Group. In addition, if the distribution agreements are terminated in certain situations identified in the Master Sale and Purchase Agreement (relating mainly to the termination of distribution agreements through the violation by UniCredit or one of the subsidiaries of the UniCredit Group of the obligations and/or commitments therein and/or interventions by the supervisory authorities), the price reduction mechanisms could be activated on behalf of the purchaser (i.e. Amundi S.A.).

Risks connected with the performance of the property market

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

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

Risks connected with pensions

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

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

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

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

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

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

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

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

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

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

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

However, the above-mentioned methods and strategies could prove to be inadequate or the valuations and assumptions underpinning these policies and procedures could turn out to be incorrect, exposing the relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

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

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

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

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

Lastly, in the light of the regulatory developments involving the adoption of internal models, it will probably be necessary to revise some models to ensure that they conform in full to the new regulatory requirements. For the specific segments currently managed through internal models it may also be necessary to impose the adoption of the standardised approach, that is under revision at the date of this 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 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 relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

As far as operational risk is concerned, note that under the scope of the 2016 SREP, the ECB highlighted areas of vulnerability, stressing the need to closely monitor the risk resulting from judicial proceedings in progress or potential ones and organisational and procedural weaknesses in the compliance function which expose the relevant Issuer and/or the Guarantor, as the case may be, to risks in that area that are far from negligible. The ECB also highlighted that where the provisions in Croatia and Hungary for the forced conversion of exposures denominated in currency and the giving in payment law in Romania were to be classified as operational risk events, this could have a negative impact on the capital requirements of the relevant Issuer and/or the Guarantor, as the case may be. Lastly, the ECB recalled the findings from the latest IT inspection which refer to insufficient uniformity and comprehensiveness of the processes implemented within the Group.

Moreover, in the context of its operation, the UniCredit Group outsources the execution of certain services to third companies, regarding, inter alia, banking and financial activities, and supervises outsourced activities according to policies and regulations adopted by the Group. The execution of the outsourced services is regulated by specific service level agreements entered into with the relevant outsourcers. The failure by the outsourcers to comply with the minimum level of service as determined in the relevant agreements might cause adverse effects for the operation of the Group. In particular, the relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

Risks connected with non-banking activities

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

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

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

Furthermore, following the enforcement of guarantees and/or the signing of debt restructuring agreements, the Group holds and could in future acquire controlling or minority equity investments in companies operating in sectors other than those in which the Group operates, including, by way of example and not exhaustively, the real estate, oil, energy, infrastructures, transport, telecommunications and IT and consumer goods sectors.

These sectors require specific knowledge and management expertise that the Group does not have. However, during the course of any disposal operations, the Group may have to manage such companies and possibly include them, depending on the extent of the stake acquired, in its consolidated financial statements. This exposes the Group to both risks relating to the activities carried out by the individual subsidiaries or affiliates

and risks arising from inefficient management of such equity investments, with possible major negative effects on the operating results and capital and financial position of the relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

Risks connected with legal proceedings in progress and supervisory authority measures

Risks connected with legal proceedings in progress

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

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

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

It is also necessary for the Group to comply in the most appropriate way with the various legal and regulatory requirements in relation to the different aspects of the activity such as the rules on the subject of conflict of interest, ethical questions, anti-money laundering, customers' assets, rules governing competition, privacy and security of information and other regulations. In spite of the fact that at the date of this 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 relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, 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 relevant Issuer and/or the Guarantor, as the case may be, and/or the Group; however there is the risk that if the relevant Issuer and/or the Guarantor, as the case may be, and/or other UniCredit Group companies or their representatives (including ones no longer in office) were to be convicted following the confirmed violation of provisions of criminal significance, this situation could have an impact on the reputation of the relevant Issuer and/or the Guarantor, as the case may be, and/or UniCredit Group.

Risks connected with Supervisory Authority measures

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

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

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

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

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

In addition to the above, note that: (i) in January 2016, the ECB launched an inspection into the "Capital position calculation accuracy" of the Group also with regard to Group-wide credit models, with the inspection at UniCredit concluding in May 2016; (ii) in February 2016, the ECB launched an inspection into the "Management of distressed assets/bad loans", as far as Italy was concerned, with the inspection at UniCredit concluding in May 2016; and (iii) in April 2016, the Bank of Italy began looking into the "Remuneration methods of loans and overdrafts" at UniCredit, which was concluded at the end of May 2016.

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

- (i) the assessment outcomes related to “Capital position calculation accuracy”. In December 2016, UniCredit presented to and discussed with the ECB possible measures – and deadlines – identified by the bank in order to remedy the problems identified during the inspection, in particular concerning the processes for calculation of capital and of RWA. In March 2017, UniCredit received the official notice of the findings from ECB, highlighting also that the impact of the findings was already incorporated into the 2016-2019 Strategic Plan. The consequential action plan has been sent to the ECB in April 2017;
- (ii) the assessment outcomes related to the “Management of distressed assets/bad loans”. The ECB highlighted possible areas for improvement with regard to the organisation, classification, monitoring, recovery, provision policy and management of guarantees, recommending UniCredit continue the activities undertaken to resolve the ECB’s findings. The consequential action plan, discussed with the ECB, was sent to the ECB at the end of December 2016; and
- (iii) the findings of the analysis of “Remuneration Methods of loans and overdrafts”. UniCredit’s reply and action plan were sent to Bank of Italy on 15 February 2017.

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

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

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

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

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

In April 2016, the Italian Competition Authority (**AGCM**) notified the extension to UniCredit (as well as 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 also in consideration of the fact that, in the course of the proceeding, the ABI and the banks proposed a redefined SEDA service remuneration model which, if correctly implemented by the banks, is expected to decrease the current SEDA costs by half, which benefits the enterprises utilizing the service and, ultimately, the end-users of the utilities.

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

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

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

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

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

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

In consideration of the uncertainty that defines the tax proceedings in which the Group is involved, there is the risk that a non favourable outcome and/or the emergence of new proceedings, could lead to an increase in risks

of a tax nature for UniCredit and/or for the Group, with the consequent need to make further provisions and/or outlays, with possible negative effects on the operating results and capital and financial position of UniCredit and/or the Group.

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

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

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

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

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

In this context, UCB AG commenced a voluntary internal investigation of its U.S. dollar payments practices and its historical compliance with applicable U.S. financial sanctions, in the course of which certain historical non-transparent practices have been identified. In addition, UCB Austria has independently initiated a voluntary investigation of its historical compliance with applicable U.S. financial sanctions and has similarly identified certain historical non-transparent practices. UniCredit is also in the process of conducting a voluntary review of its historical compliance with applicable U.S. financial sanctions. The scope, duration and outcome of any such review or investigation will depend on facts and circumstances specific to each individual case. Each of these entities is cooperating with the relevant U.S. authorities and remediation activities have commenced and are ongoing as at the date of this Base Prospectus. Each UniCredit Group entity subject to investigations is updating its regulators as appropriate.

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

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

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

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

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

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

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

On 13 October 2016 and on 16 May 2017, UniCredit was notified of the conclusion of the preliminary investigations by the Public Prosecutor at the Court of Tempio Pausania of two notices pursuant to Article 415-bis of the Code of Civil Procedure as the party responsible for the administrative offence under Article 24-ter of Legislative Decree 231/2001 as a result of offences contested by the former representatives of the Banca del Mezzogiorno – MedioCredito Centrale S.p.A. (MCC), later renamed “Capitalia Merchant S.p.A.”, then “UniCredit Merchant S.p.A.” and at the date of this Base Prospectus merged by incorporation into UniCredit, as well as Sofipa SGR S.p.A. and Capitalia S.p.A. (at the date of this Base Prospectus merged by incorporation into UniCredit). This concerns a complex case involving UniCredit as the successor of MCC, relating to shareholdings owned by the above-mentioned MCC in the group for which Colony Sardegna S.à r.l. is the parent company. The directors of this company are charged with decisions concerning financial transactions which resulted in capital gains on behalf of third-party companies and to the detriment of the company managed, as well as failures to declare IRES income; the charges involving UniCredit refer to the years 2003/2011 (in May 2011 UniCredit Merchant S.p.A. actually sold its shareholding).

In May 2004 UniCredit adopted the organisational and management model set out in Legislative Decree 231/2001 in order to create a system of rules designed to prevent unlawful behaviour by top management, directors and employees. On 10 November 2016, the UniCredit's Board of Directors approved the new version of the organisational and management model in force at the date of this 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 relevant Issuer and/or the Guarantor, as the case may be, 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 method adopted by UniCredit Group in order to comply with Law No. 262/05, so called “Legge sulla tutela del risparmio”, is consistent with the “Internal Control - Integrated Framework (CoSO)” and with the “Control Objective for IT and Related Technologies (Cobit)”, which represent the benchmark standards for the evaluation of the internal control system and for financial reporting in particular, generally accepted at international level.

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

Risks connected with Alternative Performance Indicators (APIs)

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

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

- (i) these indicators are constructed exclusively from UniCredit Group's historical data and are not indicative of the Group's future performance;
- (ii) the APIs are not provided for in the IFRS and, although derived from the consolidated financial statements, they are not subject to auditing;
- (iii) APIs should not be seen as replacing the indicators laid down by IFRS;
- (iv) APIs should be read together with the Group's financial information taken from the consolidated financial statements for the financial year ended 31 December 2016;
- (v) as the definitions of the indicators used by the UniCredit Group do not come from IFRS, they may not be standardised with those adopted by other companies/groups and therefore are not comparable with them; and
- (vi) the APIs used by the Group are continuously processed with standardised definitions and representations for all periods.

Risks connected with operations in the banking and financial sector

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

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

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

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

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

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

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

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

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

Deposit Guarantee Scheme and Single Resolution Fund

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

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

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

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

Our contribution obligations to the SRF are as follows:

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

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

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

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

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

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

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

Voluntary Scheme

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

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

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

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

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

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

The new IFRS 9:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The exit of the United Kingdom from the European Union; the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom; the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European

Union; and the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include further falls in equity markets, a further fall in the value of the pound and, more in general, increase financial markets volatility, with possible negative consequences on the asset prices, operating results and capital and/or financial position of the relevant Issuer and/or the Guarantor, as the case may be, and/or the Group.

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

Basel III and CRD IV

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

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

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

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

- proposed acquirers of holdings in credit institutions, requirements for shareholders and members of the management body (Articles 23 and 91 of the CRD IV Directive);
- competent authorities' powers to intervene in cases of crisis management (Articles 64, 65, 102 and 104 of the CRD IV Directive);

- reporting of potential or actual breaches of national provisions (so called whistleblowing, Article 71 of the CRD IV Directive); and
- administrative penalties and measures (Article 65 of the CRD IV Directive).

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 as subsequently amended from time to time by the Bank of Italy (the **Circular No. 285**)) which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. According to Article 92 of the CRD IV Regulation, institutions shall at all times satisfy the following own funds requirements: (i) a CET1 Capital ratio of 4.5 per cent.; (ii) a Tier 1 Capital ratio of 6 per cent.; and (iii) a Total Capital ratio of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital, reported below as applicable with reference to 31 March 2017:

- *Capital conservation buffer*: The capital conservation buffer has applied to UniCredit since 1 January 2014 pursuant to Article 129 of the CRD IV Directive and Part I, Title II, Chapter I, Section II of Circular No. 285. According to the 18th update¹³ to Circular No. 285 published on 4 October 2016, new transitional rules provide for a capital conservation buffer set for 2017 at 1.25 per cent. of RWAs, increasing to 1.875 per cent. of RWAs in 2018 and 2.5 per cent. of RWAs from 2019;
- *Counter-cyclical capital buffer*: The countercyclical capital buffer applies starting from 1 January 2016. Pursuant to Article 160 of the CRD IV Directive and the transitional regime granted by Bank of Italy for 2017, institutions' specific countercyclical capital buffer shall consist of Common Equity Tier 1 capital capped to 1.25 per cent. of the total of the risk-weighted exposure amounts of the institution. As of 31 March 2017:
 - the specific countercyclical capital rate of UniCredit Group amounted to 0.02 per cent.;
 - countercyclical capital rates have generally been set at 0 per cent., except for the following countries: Czech Republic (0.50 per cent.); Hong Kong (1.25 per cent.); Iceland (1.00 per cent.); Norway (1.50 per cent.); and Sweden (2.00 per cent.);
 - with reference to the exposures towards Italian counterparties, the Bank of Italy has set the rate equal to 0%;
- *Capital buffers for globally systemically important institutions (G-SIIs)*: It represents an additional loss absorbency buffer (ranging from 1.0 per cent. to 3.5 per cent. in terms of required level of additional common equity loss absorbency as a percentage of risk-weighted assets), determined according to specific indicators (e.g. size, interconnectedness, complexity). It is subject to phase-in starting from 1 January 2016 (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV of Circular No. 285) becoming fully effective on 1 January 2019. Based on the most recently updated list of G-SIIs published by the Financial Stability Board (**FSB**) in November 2016 (to be updated annually), the UniCredit Group is a global systemically important bank (**G-SIB**) included in "Bucket 1" (in a ranking from 1, where 5 is the highest); therefore, it has to comply with a target requirement of 1 per cent. in 2019 (0.50 per cent. for 2017, to be increased by 0.25 per cent. per annum); and
- *Capital buffers for other systemically important institutions (O-SIIs)*: O-SII buffer, equal to 0 per cent. for the UniCredit Group for 2017; identified by the Bank of Italy as an O-SII authorised to operate in Italy, UniCredit has to maintain a capital buffer of 1 per cent. of its total risk exposure, to be achieved according to the following transitional period: 0.25 per cent. for 2018, and then increased by 0.25 per cent. on a yearly basis reaching the target of 1 per cent. from 1 January 2021. According to Article 131¹⁴ of the CRD IV Directive, the higher of the G-SII and the O-SII buffer will apply: hence, the UniCredit Group will be subject to the application of 0.50 per cent. G-SII buffer for 2017.

¹⁴On 6 October 2016, the Bank of Italy published the 18th update of Circular No. 285 that modifies the capital conservation buffer requirement. In publishing this update, the Bank of Italy reviewed the decision, made at the time the CRD IV was transposed into Italian law in January 2014, where the fully loaded Capital Conservation Buffer at 2.50% was requested, by aligning national regulation the transitional regime allowed by CRD IV.

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

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

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

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

Requirement	CET1	T1	Total Capital
A) Pillar 1 Requirements	4.50%	6.00%	8.00%
B) Pillar 2 Requirements	2.50%	2.50%	2.50%
C) TSCR (A+B)	7.00%	8.50%	10.50%
D) Combined capital buffer requirement, of which:	1.77%	1.77%	1.77%
1. <i>Capital Conservation buffer</i>	1.25%	1.25%	1.25%
2. <i>Global Systemically Important Institution buffer</i>	0.50%	0.50%	0.50%
3. <i>Institution-specific Countercyclical Capital buffer</i>	0.02%	0.02%	0.02%
E) OCR (C+D)	8.77%	10.27%	12.27%

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

As set out in the “Opinion of the European Banking Authority on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions” published on 16 December 2015, in the EBA’s opinion competent authorities should ensure that the Common Equity Tier 1 Capital to be taken into account in determining the Common Equity Tier 1 Capital available to meet the combined buffer requirement is limited to the amount not used to meet the Pillar 1 and Pillar 2 own funds requirements of the institution. In effect, this

would mean that Pillar 2 capital requirements would be “stacked” below the capital buffers, and thus a firm’s CET1 resources would only be applied to meeting capital buffer requirements after Pillar 1 and Pillar 2 capital requirements have been met in full.

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

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

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

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

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

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

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

applicable and/or identified by the supervisory authorities and the economic situation, the financial assets of the Group itself.

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

Forthcoming regulatory changes

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

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

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

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

Moreover, it is worth mentioning that the BCBS has embarked on a very significant RWA variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (credit, counterparty credit, market, operational risk), constraints to the use of internal models as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance, to improve consistency and comparability across banks. The finalisation of the new framework was completed in respect of market risk in 2016, with the new framework for credit risk and operational risk not yet finalised. Due to the wide undergoing revision by global and European regulators and supervisors, the internal models are expected to be subject to either changes or withdrawal in favor of a new standardised approach, which is also under revision. The regulatory changes will impact the entire banking system and consequently could lead to changes in the measurement of capital (although they will become effective after the time frame covered by the Strategic Plan). In 2016, the ECB began a review of the internal rating models authorised for calculating capital (the

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

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

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

ECB Single Supervisory Mechanism

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

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

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

The ECB has fully assumed its new supervisory responsibilities of UniCredit and the UniCredit Group. The ECB is required under the SSM Regulation to carry out a SREP at least on an annual basis. In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP (the **EBA SREP Guidelines**). Included in these guidelines were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional Pillar 2 own funds requirements to be implemented from 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the Pillar 2 requirements to cover certain specified risks of at least 56 per cent. CET1 Capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors

should not set additional own funds requirements in respect of risks which are already covered by the combined buffer requirements (as described above) and/or additional macro-prudential requirements. Accordingly, the additional Pillar 2 own funds requirement that may be imposed on UniCredit and/or the UniCredit Group by the ECB pursuant to the SREP will require UniCredit and/or the UniCredit Group to hold capital levels above the minimum Pillar 1 capital requirements.

The bank recovery and resolution directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of 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 includes an amendment to Article 108 of the BRRD aimed at further harmonising the creditor hierarchy as regards the priority ranking of holders of bank senior unsecured debt in resolution and insolvency. A new class of so called “senior non-preferred debt” is proposed to be added that would be eligible to meet TLAC and MREL requirements. This new class of debt will be senior to all subordinated debt, but junior to ordinary unsecured senior claims. The envisaged amendments to the BRRD should not affect the existing stocks of bank debt and their statutory ranking in insolvency pursuant to the relevant laws of the Member State in which the bank is incorporated.

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

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

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

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

The BRRD requires all Member States to create a national, prefunded resolution fund, reaching a level of at least 1 per cent. of covered deposits by 31 December 2024. The National Resolution Fund for Italy was created in November 2015 and required both ordinary and extraordinary contributions to be made by Italian banks and investment firms, including the Issuer. In the Banking Union, the National Resolution Funds set up under the BRRD were superseded by the Single Resolution Fund as of 1 January 2016 and those funds will be pooled

together gradually. Therefore, as of 2016, the Single Resolution Board calculates, in line with a Council implementing act, the annual contributions of all institutions authorised in the Member States participating in the SSM and the SRM (as defined below). The SRF is financed by the European banking sector. The total target size of the Fund is equal to at least 1 per cent. of the covered deposits of all banks in the Member States participating in the Banking Union. The SRF is to be built up over eight years, beginning in 2016, to the target level of EUR 55 billion (the basis being 1 per cent. of the covered deposits in the financial institutions of the Banking Union). Once this target level is reached, in principle, the banks will have to contribute only if the resources of the SRF are exhausted in order to deal with resolutions of other institutions.

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

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

As an 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 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 Subordinated 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 Subordinated 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 Subordinated 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 Senior Notes and Subordinated 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 BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the **BRRD Decrees**), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Banking Law (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official

Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applied from 1 January 2016; and (ii) a “depositor preference” granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SME’s will apply from 1 January 2019.

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

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the general bail-in tool and (ii) the BRRD provides, at Article 44(3), that the resolution authority may, in specified exceptional circumstances, partially or fully exclude certain further liabilities from the application of the general bail-in tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of Senior Notes and Subordinated Notes of a Series may be subject to write-down/conversion upon an application of the general bail-in tool while other Series of Senior Notes or, as appropriate, Subordinated 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 Senior Notes or Subordinated Notes, 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) will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, significant amounts of liabilities in the form of large corporate and interbank deposits which under the national insolvency regime currently in force in Italy rank *pari passu* with Senior Notes, will 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 Subordinated Notes and, in circumstances where the waiver is selected as applicable in the relevant Final Terms, the holders of the Senior 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, in respect of such Senior Notes or Subordinated 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.

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 Senior Notes and Subordinated 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, 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 relevant Issuer and/or the Guarantor, as the case may be, to satisfy its obligations under any Notes and/or the Guarantee.

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

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

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

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

Implementation of BRRD in Luxembourg

The BRRD was implemented into Luxembourg law by the Luxembourg Act dated 18 December 2015 on resolution, recovery and liquidation measures of credit institutions and certain investment firms, which was officially published on 24 December 2015 in the Luxembourg official gazette (Memorial A, n° 246) (the **BRR Act 2015**). Under the BRR Act 2015, the competent authority is the CSSF and the resolution authority is the CSSF acting as Resolution Council (*Conseil de résolution*). The provisions of the BRR Act 2015 (including as regards the bail-in tools and powers) apply since its date of publication in the Luxembourg official gazette.

The BRR Act 2015 provides, in line with the BRRD, for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the CSSF, result in the partial or complete suspension of the performance of agreements entered into by a Luxembourg incorporated credit institution or investment firm. The BRR Act 2015 also grants the power to the Resolution Council to take any of the resolution measures provided for in the BRRD (as described above). The powers set out in the BRR Act 2015 will impact how credit institutions or investment firms established in Luxembourg, are managed as well as, in certain circumstances, the rights of creditors.

In line with the BRRD, if the general bail-in tool and the statutory write-down and conversion power provided in the BRR Act 2015 are applied to Unicredit International Luxembourg, the Notes issued by Unicredit International Luxembourg may be subject to write-down or conversion into equity (ordinary shares or other instruments of ownership) on any application of the bail-in tool, which may result in such holders losing some or all of their investment. Subject to certain conditions, the terms of the obligations owed under the Notes issued by Unicredit International Luxembourg may also be varied by the Resolution Council (e.g. as to maturity, interest and interest payment dates). The exercise of any power under the BRR Act 2015 or any suggestion of such exercise could materially adversely affect the rights of the Holders of the Notes issued by Unicredit International Luxembourg, the price or value of their investment in any Notes issued by Unicredit International Luxembourg and/or the ability of Unicredit International Luxembourg to satisfy its obligations under the Notes issued by Unicredit International Luxembourg.

Regulation (EU) no. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of significant credit institutions and financial groups, in the framework of the SRM (as defined below) and the Fund (as defined below), established a centralised power of resolution and entrusted such power to the SRB and to the national resolution authorities of participating EU Member States (including Luxembourg and the CSSF through the Resolution Council). Starting on 1 January 2015, the SRB works in close cooperation with the Resolution Council, in particular in relation to the elaboration of resolution planning, and assumed full resolution powers since 1 January 2016.

Implementation of BRRD in Ireland

The BRRD was implemented into Irish law by the European Union (Bank Recovery and Resolution) Regulations 2015 (the **Irish BRR Regulations**). Under the Irish BRR Regulations, the competent authority and the resolution authority is the Central Bank of Ireland. The Irish BRR Regulations came into force, for the most part, on 15 July 2015.

The Irish BRR Regulations provide, in line with the BRRD, for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the Central Bank of Ireland, result in the partial or complete suspension of the performance of agreements entered into by an Irish incorporated credit institution or investment firm. The Irish BRR Regulations also grants the power to the Central Bank of Ireland to take any of the resolution measures provided for in the BRRD (as described above). The powers set out in the Irish BRR Regulations will impact how credit institutions or large investment firms established in Ireland are managed and the rights of creditors.

In line with the BRRD, if the general bail-in tool and the statutory write-down and conversion power provided in the Irish BRR Regulations are applied to Unicredit Ireland, the Notes issued by Unicredit Ireland may be subject to write-down or conversion into equity in order to absorb losses and recapitalise the relevant institution on any application of the bail-in tool, which may result in such holders losing some or all of their investment. Subject to certain conditions, the terms of the obligations owed under the Notes issued by Unicredit Ireland may also be varied by the Central Bank of Ireland (e.g. as to maturity, interest and interest payment dates). The exercise of any power under the Irish BRR Regulations or any suggestion of such exercise could materially adversely affect the rights of the Holders of the Notes issued by Unicredit Ireland, the price or value of their investment in any Notes issued by Unicredit Ireland and/or the ability of Unicredit Ireland to satisfy its obligations under the Notes issued by Ireland.

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

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

The European proposed financial transactions tax (the FTT)

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

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the 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 Italia S.r.l. (**Moody’s**) and by Standard & Poor’s Credit Market Services Italy S.r.l. (**Standard & Poor’s**), each of which is established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies as amended from time to time (the **CRA Regulation**) as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information, please visit the ESMA webpage).

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

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

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 expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

Risks related to the structure of a particular issue of Notes

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

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

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

If so specified in the applicable Final Terms, the relevant Issuer may also, at its option, redeem Senior Notes for tax reasons in the circumstances described in, and in accordance with, Condition 8.2 (*Redemption for tax reasons*) or in accordance with Condition 8.4 (*Redemption at the option of the Issuer (Issuer Call)*) or in the circumstances described in, and in accordance with Condition 8.5 (*Issuer Call Due to MREL or TLAC Disqualification Event*). Any redemption of the Senior Notes is subject to compliance by the Issuer with any conditions to such redemption prescribed by the Regulatory Capital Requirements at the relevant time (including any requirements applicable to such redemption due to the qualification of such Senior Notes at such time as eligible liabilities available to meet the MREL and TLAC Requirements). See “*Early redemption and purchase of the Senior Notes may be restricted*” below for further information.

In addition, if so specified in the applicable Final Terms, the relevant Issuer (UniCredit and/or UniCredit Ireland) may also, at its option, redeem Subordinated Notes for tax reasons in the circumstances described in, and in accordance with, Condition 8.2 (*Redemption for tax reasons*) or following a change of the regulatory classification of the relevant Subordinated Notes in the circumstances described in, and in accordance with Condition 8.3 (*Redemption for regulatory reasons (Regulatory Call)*) or in accordance with Condition 8.4 (*Redemption at the option of the Issuer (Issuer Call)*). Any redemption of the Subordinated Notes is subject to 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. See “*Regulatory classification of the Notes*” below for further information.

If the relevant 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

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

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

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, and the applicable Final Terms for the Senior Notes of such Series specify that Issuer Call due to an MREL or TLAC Disqualification Event is applicable, the relevant Issuer may redeem all, but not some only, of the Notes of such Series at the price set out in the applicable Final Terms together with any outstanding interest. Senior Notes may only be redeemed by the relevant Issuer provided that (except to the extent that the Competent Authority does not so require at the time of the proposed redemption) the relevant Issuer has given such notice to the Competent Authority as the Competent Authority may then require prior to such redemption and no objection thereto has been raised by the Competent Authority or (if required) the Competent Authority has provided its consent thereto and any other requirements of the Competent Authority applicable (if any) to such redemption at the time have been complied with by the relevant Issuer. A MREL or TLAC Disqualification Event shall be deemed to have occurred if, by reason of a change in the MREL or TLAC Requirements as implemented in Italian law and regulations and/or EU regulations, as the case may be, which was not reasonably foreseeable by the relevant Issuer at the Issue Date of the Senior Notes, all or part of the aggregate outstanding nominal amount of such Series of Senior Notes are or will be excluded fully or partially from the eligible liabilities available to meet the MREL or TLAC Requirements. The implementation of the minimum requirements for eligible liabilities under the BRRD is subject to the implementation of the BRRD in Italy and the proposed term sheet published by the FSB on total loss absorbing capacity requirements for global systemically important banks is subject to further consultation and finalization.

If the 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. *Waiver of set-off*

In Condition 4 (*Status of the Senior Notes and the Senior Guarantee*) 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, in respect of such Senior Note and, in respect of Guaranteed Notes, the Guarantee.

Senior Notes have limited Events of Default and remedies

The Events of Default in respect of Senior Notes, being events upon which the Trustee (or, in certain circumstances, the Noteholders) may declare the Senior Notes to be immediately due and payable, are limited to circumstances in which the relevant Issuer becomes subject to insolvency or liquidation (or, in the case of UniCredit, 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)) as set out in Condition 11.1. Accordingly, other than following the occurrence of an Event of Default, even if the relevant Issuer fails to meet any of its obligations under the Senior Notes, including the payment of any interest, the Trustee (and the Noteholders) 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 may be restricted

Any early redemption or purchase of Senior Notes is subject to compliance by the relevant Issuer with any conditions to such redemption or repurchase prescribed by the Regulatory Capital Requirements at the relevant time, 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.

In addition, under the EC Proposals, the early redemption or purchase of Senior Notes which qualify as eligible liabilities available to meet MREL or TLAC Requirements is subject to the prior approval of the Competent Authority where applicable from time to time under the applicable laws and regulations. The EC Proposals state that the Competent Authority would approve an early redemption of the Senior Notes if either of the following conditions is met:

- on or before such early redemption or purchase of the Senior Notes, the relevant Issuer replaces the Senior Notes with own funds instruments of an equal or higher quality on terms that are sustainable for the income capacity of the relevant Issuer; or
- the relevant Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such redemption or purchase, exceed the minimum capital requirements required under 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 Competent Authority considers necessary.

The Competent Authority shall consult with the Resolution Authority before granting that permission.

The EC Proposals are in draft form and may be subject to change prior to any implementation (please refer to the risk factor titled “*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*”).

Senior Notes may be subject to substitution and modification without Noteholder consent

If at any time a MREL or TLAC Disqualification Event occurs and is continuing in relation to any Series of Senior Notes, and the applicable Final Terms for the Senior Notes of such Series specify that Issuer Call due to an MREL or TLAC Disqualification Event is applicable, then the relevant Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent 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 relevant Issuer to redeem the varied or substituted securities.

Qualifying Senior Notes are securities issued by the relevant Issuer that have terms not materially less favorable to the Noteholders (as reasonably determined by the Issuer) than the terms of the relevant Senior 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.

The Guarantee may be limited by applicable laws or subject to certain defences that may limit their validity and enforceability

The Guarantee given by the Guarantor provides Noteholders with a direct claim against the Guarantor in respect of the relevant Issuers' obligations under the Notes. Enforcement of the Guarantee would be subject to certain generally available defences, which may include those relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or affecting the rights of creditors generally. If a court were to find the Guarantee given by the Guarantor void or unenforceable, then Noteholders would cease to have any claim in respect of the Guarantor and would be creditors solely of the Issuers.

Enforcement of the Guarantee is subject to the detailed provisions contained in the Trust Deed (and any supplemental Trust Deed) which include certain limitations reflecting mandatory provisions of Italian laws, such as that the payment obligations of UniCredit S.p.A. under the Guarantee shall at no time exceed €66,000,000,000.

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 or UniCredit Ireland, 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.

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

Waiver of set-off

As specified in Conditions 5.1(d) (*Status of Subordinated Notes issued by UniCredit*) 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, 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 tools, the BRRD 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, the SRB or other authority or authorities having prudential oversight of UniCredit at the relevant time exercise the power to do so. The BRRD 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 implementation of the directive or the taking of any action under it could materially affect the value of any Notes.

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. Current regulatory practice by the Bank of Italy (acting as lead regulator) does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

Although it is 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 the Issue Date, both of the following conditions are met: (i) the Competent Authority (as defined in Condition 8.3) 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)*)), 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. 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.

Risks relating to Inflation Linked Interest Notes

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

- (a) the market price of such Notes may be volatile;

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

The historical experience of an index 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 relevant 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 investors and 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 conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (a) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (b) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (c) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 17 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the conditions of the Notes.

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

Rates and indices which are deemed to be "benchmarks", are the subject of recent national, international and other 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 such a “benchmark”. Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the official journal of the EU on 29 June 2016 and will apply 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 a rate or index deemed to be a “benchmark”, 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, national or other proposals for reform, 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, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a “benchmark”.

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.

Call options are subject to the prior consent of the relevant Competent Authority

In addition to the call rights described under "*Regulatory classification of the Notes*" below, Subordinated Notes may also contain provisions allowing the relevant Issuer to call them after a minimum period of, for example, five years. To exercise such a call option, the Issuer must obtain the prior written consent of the relevant Competent Authority in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation.

Holders of such Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by the relevant Issuer. The relevant Competent Authority must agree to permit such a call, based upon its evaluation of the regulatory capital position of the relevant Issuer and certain other factors at the relevant time and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation. There can be no assurance that the relevant Competent Authority will permit such a call. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period.

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 relevant Issuer or any withholding agent determines that withholding is required, neither the relevant 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 law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, save that subordination provisions applicable to Subordinated Notes issued by UniCredit are governed by, and shall be construed in accordance with, Italian law in effect as at the date of this Base Prospectus, and Subordinated Notes issued by UniCredit Ireland are governed by, and shall be construed in accordance with, Irish law in effect as at the date of this 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 for the Subordinated Notes issued by UniCredit or to Irish law for the Subordinated Notes issued by UniCredit Ireland or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

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 Notes and the relevant 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.

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 relevant 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 relevant 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 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 relevant 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 Issuers and the Guarantor 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 Issuers will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency-equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuers or the Guarantor 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 Issuers, the Guarantor 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 Issuers, the Guarantor 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 Issuers and the Guarantor (the **Responsible Persons**) accept 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 Persons, each 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 Notes, the Issuers and the Guarantor accept 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 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 Issuers, the Guarantor 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 Issuers or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, none of the Issuers and the Guarantor has authorised the making of any Non-exempt Offer by any offeror and the Issuers have not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the relevant Issuer is unauthorised and none of the relevant Issuer, and, if the Notes are Guaranteed Notes, the Guarantor 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 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 Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

- (a) ***Specific Consent***: the relevant Issuer and, if the Notes are Guaranteed Notes, the Guarantor, each 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 such 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 Issuers' website (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 relevant Issuer and, if the Notes are Guaranteed Notes, the Guarantor, each hereby offer to grant their 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 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 2004/39/EC); 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 Notes] (the **Notes**) described in the Final Terms dated [insert date] (the **Final Terms**) published by [UniCredit S.p.A./UniCredit Bank Ireland p.l.c./UniCredit International Bank (Luxembourg) S.A.] (the **Issuer**)[and unconditionally and irrevocably guaranteed by UniCredit S.p.A. (the **Guarantor**)]. 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 Issuers, the Guarantor 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 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;
 - (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 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 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 Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
 - (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, the relevant Issuer and, if the Notes are Guaranteed Notes, the Guarantor or directly to the appropriate authorities with jurisdiction over the relevant Issuers, if the Notes are Guaranteed Notes, the Guarantor and/or the relevant Dealer in order to enable the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor and the relevant Dealer, as the case may be;
 - (VII) immediately inform the relevant Issuer, and if the Notes are Guaranteed Notes, the Guarantor, 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 Notes or potential Investor in Notes shall become an indirect or direct client of the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor 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 relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor 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 relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor 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 Notes, the relevant Issuer, the if the Notes are Guaranteed Notes, Guarantor or the relevant Dealer; and/or
 - (ii) in connection with any complaints received by the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor and/or the relevant Dealer relating to the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in the Rules; and/or
 - (iii) which the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or to allow the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements;
- (X) during the primary distribution period of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the 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 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 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 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 relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor or the relevant Dealer to breach any Rule or subject the relevant Issuer, if the Notes are Guaranteed Notes, Guarantor 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 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 relevant 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 relevant Issuer, that such financial intermediary is solely responsible for such communication and that none of the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor or the relevant Dealer (as applicable), use the legal or publicity names of the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor 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 relevant Issuer as issuer of the relevant Notes and the Guarantor as the guarantor of the relevant Notes on the basis set out in this Base Prospectus;
- (B) agrees and undertakes to each of the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor 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 relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor or the relevant Dealer, the relevant financial intermediary shall pay to the Issuer, if the Notes are Guaranteed Notes, the Guarantor or the relevant Dealer, as the case may be, an amount equal to the Loss. None of the Issuer, if the Notes are Guaranteed Notes, the Guarantor 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 relevant Issuer and the relevant financial intermediary formed upon acceptance by the relevant financial intermediary of the relevant 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;
 - (II) subject to (IV) below, the English courts 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 relevant Issuer

and the relevant financial intermediary submit to the exclusive jurisdiction of the English courts;

- (III) for the purposes of (C)(II) and (IV), the relevant Issuer and the relevant financial intermediary waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
- (IV) this paragraph (C) is for the benefit of the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor and each relevant Dealer. To the extent allowed by law, the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
- (V) the relevant Issuer, if the Notes are Guaranteed Notes, the Guarantor 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 (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 relevant Issuer's, and if the Notes are Guaranteed Notes, the Guarantor'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 Notes in the Republic of Italy, Ireland, 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 Notes may only be offered to Investors as part of a Non-exempt Offer in each Relevant Member States 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 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. THE ISSUER AND THE GUARANTOR (IF THE NOTES ARE GUARANTEED NOTES) WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE 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, THE GUARANTOR (IF THE NOTES ARE GUARANTEED NOTES) 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 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 relevant Issuer, any relevant Dealer and, if the Notes are Guaranteed Notes, the Guarantor 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.

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

Issuers:	UniCredit S.p.A. (UniCredit) UniCredit Bank Ireland p.l.c. (UniCredit Ireland) UniCredit International Bank (Luxembourg) S.A. (UniCredit International Luxembourg)
Guarantor:	Notes issued by UniCredit Ireland and UniCredit International Luxembourg will be guaranteed by UniCredit.
Description:	Euro Medium Term Note Programme
Arranger:	UniCredit Bank AG
Dealers:	UniCredit Bank AG and any other Dealers appointed from time to time in accordance with the Fifteenth Amended and Restated Programme Agreement.
Certain Restrictions:	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.
Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year:	Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See " <i>Subscription and Sale</i> ".
Programme Size:	Up to €60,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch or such other agent(s) specified in the applicable Final Terms or Pricing Supplement.

Trustee:	Citicorp Trustee Company Limited.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in euro, Sterling, U.S. dollars, yen, Renmimbi (CNY) and any other currency agreed between the Issuer and the relevant Dealer(s).
Rule 144A Option:	Registered Notes may be freely traded amongst “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (QIBs) in accordance with Rule 144A.
Institutional Accredited Investor Option:	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.
Registrar:	Citigroup Global Markets Deutschland AG.
Transfer Agents:	Citibank, N.A., London Branch
Subordinated Notes:	<p>Subordinated Notes may be issued by UniCredit.</p> <p>UniCredit Ireland and UniCredit International Luxembourg will not issue Subordinated Notes.</p>
Maturities:	<p>The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or by any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.</p> <p>The 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 8.8 (“<i>Extendible Notes</i>”).</p> <p>Unless otherwise permitted by current laws, regulations, directives and/or the Competent Authority’s requirements applicable to the issue of Subordinated Notes by UniCredit, the Subordinated Notes must have a minimum maturity of five years.</p>
Issue Price:	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.
Form of Notes:	The Notes may be issued in bearer or 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.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer(s).
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <p>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as</p>

published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (b) on the basis of 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 relevant 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.

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 relevant Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuers and the relevant Dealer(s) (as indicated in the applicable Final Terms).

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.

Exempt Notes: The Issuers 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 Issuers 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 Issuers 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 relevant Issuer, if the Notes are Guaranteed Notes, and the Guarantor, if any, may agree with any Dealer and the Trustee that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:

The applicable Final Terms (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, at the option of the Issuer (and subject to compliance with any conditions to such redemption prescribed by the Regulatory Capital Requirements 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 relevant 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 issued by UniCredit, 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.

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.

Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “*Certain Restrictions – Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg having a maturity of less than one year*” above.

If the applicable Final Terms specify that the Issuer Call due to MREL or TLAC Disqualification Event applies, then any Series of 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 the Trustee and, in accordance

with Condition 16, the Noteholders (which notice shall be irrevocable), if the Issuer determines that a MREL or TLAC Disqualification Event has occurred and is continuing.

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.

Redemption for Indexation Reasons:

Inflation Linked Interest Notes may be redeemed before their stated maturity at the option of the relevant 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.

Denomination of Notes:

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

Certain Conditions of the Notes:

See elements C.8 and B.18 of "*Summary of the Programme*" for a description of certain terms and conditions applicable to all Notes issued under the Programme.

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 contained in the Base Prospectus dated 15 June 2016, pages 148 to 195 (inclusive), prepared by the Issuers in connection with the Programme;
- the Terms and Conditions contained in the Supplement dated 2 May 2017 to the Base Prospectus dated 15 June 2016, pages 148 to 194 (inclusive), prepared by the Issuers in connection with the Programme;
- the audited consolidated annual financial statements as at and for each of the financial years ended 31 December 2016 and 31 December 2015 of UniCredit;
- the unaudited consolidated interim report as at and for the three months ended 31 March 2017 – Press Release dated 11 May 2017 of UniCredit;
- the unaudited consolidated interim report as at and for the three months ended 31 March 2016 – Press Release dated 10 May 2016 of UniCredit;
- the unaudited consolidated interim financial statements as at and for the six months ended 30 June 2016 of UniCredit;
- the audited annual financial statements as at and for each of the financial years ended 31 December 2016 and 31 December 2015 of UniCredit Ireland;
- the audited consolidated annual financial statements as at and for each of the financial years ended 31 December 2016 and 31 December 2015 of UniCredit International Luxembourg;
- the Memorandum and Articles of Association of UniCredit;
- the Memorandum and Articles of Association of UniCredit Ireland;
- the Memorandum and Articles of Association of UniCredit International Luxembourg; and
- the Press Release of UniCredit dated 15 May 2017 regarding the issuance of Additional Tier 1 Notes by 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. Any information not listed in the cross reference table below is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) N°809/2004, save that, for the Base Prospectus dated 15 June 2016, the information not listed is either not relevant for the investors or covered elsewhere in the Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuers and the Guarantor and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this 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 Issuers and from the specified office of the Paying Agents for the time being in London and Luxembourg. Copies of documents incorporated by reference in this 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).

The Issuers and the Guarantor 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, UniCredit Ireland's and UniCredit International Luxembourg'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:

Document	Information incorporated	Page numbers
UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2016	Report on Operations	23-61
	Consolidated Balance Sheet	84-85
	Consolidated Income Statement	86
	Consolidated Statement of Comprehensive Income	87
	Statement of Changes in Shareholders' Equity	88-91
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UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2015	Report of External Auditors	545-547
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	Consolidated Balance Sheet	80-81
	Consolidated Income Statement	82
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UniCredit Unaudited Consolidated Interim Report as at 31 March 2017 – Press Release	Report of External Auditors	283-285
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	UniCredit Group: Reclassified Income Statement	16
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	Other UniCredit Tables (Shareholders' Equity, Staff and Branches, Ratings, Sovereign Debt Securities – Breakdown by Country / Portfolio, Sovereign Loans – Breakdown by Country)	18-20
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UniCredit Unaudited Consolidated Interim Report as at 31 March 2016 – Press Release	UniCredit Group: Reclassified Income Statement	10
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	Other UniCredit Group Tables (Core and non-core Reclassified Income Statement, Shareholders' Equity, Staff and Branches, Ratings, Loans to Customers – Asset Quality, Sovereign	12-17

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	Loans - Breakdown by Country, Sovereign Debt Securities – Breakdown by Country / Portfolio)	
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UniCredit Ireland 2015 Annual Report	Balance Sheet	17-18
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UniCredit Ireland 2016 Annual Report	Independent Auditor’s Report	13-14
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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 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/Euroclear and Clearstream, Luxembourg will be notified as to 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 and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the relevant 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 relevant Issuer will promptly give notice to Noteholders in accordance with Condition 16 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 relevant 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

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 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 of the 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) as the registered holder of the Registered Global Notes. None of the relevant Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising, investigating, monitoring or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.6) 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 relevant 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 relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the relevant Issuer will have 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 relevant Issuer will promptly give notice to Noteholders in accordance with Condition 16 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 relevant 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 (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes 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 relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

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

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

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or (in the case of Guaranteed Notes) the Guarantor unless the Trustee, 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[, from 1 January 2018,]¹⁴ are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (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.]¹⁵

[Date]

FINAL TERMS

[UniCredit S.p.A. / UniCredit Bank Ireland p.l.c. / UniCredit International Bank (Luxembourg) S.A.]
[Please include the place of incorporation, registered office, registration number and form of the relevant Issuer]

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

Part A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 June 2017 [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[, the Guarantor] 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., Via A. Specchi 16, 00186, Rome, Italy][UniCredit Bank Ireland p.l.c. – La Touche House, International Financial Services Centre, Dublin 1, Ireland][UniCredit International Bank (Luxembourg) S.A. – 8-10 rue Jean Monnet, L 2180 Luxembourg] [and] has been published on the website of UniCredit www.unicreditgroup.eu, as well as on the website of the Luxembourg Stock Exchange, www.bourse.lu. Copies may be obtained, free of charge, from the Issuer at the address above.

¹⁴ This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.

¹⁵ Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 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” (ii) for offers concluded before 1 January 2018 at the option of the parties.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in [the Base Prospectus dated 15 June 2016 / the supplement dated 2 May 2017 to the Base Prospectus dated 15 June 2016] which are incorporated by reference in the Base Prospectus dated 15 June 2017. 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 [, the Guarantor] 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., Via A. Specchi 16, 00186, Rome, Italy has been published on the website of UniCredit www.unicreditgroup.eu as well as on the website of the Luxembourg Stock Exchange, 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.]

[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 26 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:¹⁶ []
- (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*
- (a) Calculation Amount (in relation to calculation of interest in global form see the Conditions): []
- (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]¹⁷]
- [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/CMS Reference Rate] +/- [] per cent. Floating Rate]
- [Floating Rate: CMS Rate Linked Interest]
- [Inflation Linked Interest]
- [Zero Coupon]
- (further particulars specified below)

¹⁶ Notes to be issued by UniCredit Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this programme).

¹⁷ 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.

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. Put/Call Options: [Not Applicable]
[Issuer Call]
[Regulatory Call]
[Loss Absorption Disqualification Event]
[(see paragraph[s] [19][, 20] [and][21]]
12. Status of the Notes: [Senior/Subordinated]
- (a) [Date of [Board] approval for issuance of Notes: []]
- (b) [Date of [Board] approval for the Guarantee: []]
(Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

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) for Notes in definitive form (*and in relation to Notes in global form see the Conditions*): [] per Calculation Amount
(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) for Notes in definitive form (*and in relation to Notes in global form see the Conditions*): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (f) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)]¹⁸
- (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)
14. 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 (b) below/, not subject to any adjustment, as the Business Day Convention 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 (if not the Agent): []
- (f) Screen Rate Determination:

¹⁸ Applicable for Fixed Rate Notes denominated in Renminbi.

- Reference Rate(s): ☐ month ☐ [LIBOR/EURIBOR/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 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]
- (Sub-paragraphs (vi) and (vii) above to be completed in relation to CMS Rate 1)*
- 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]
- (Sub-paragraphs (vi) and (vii) above to be completed in relation to CMS Rate 1)*
- (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)]¹⁹

(See Condition 6 for alternatives)

15. Inflation Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Inflation Index: []
- (Give or annex details of index/indices)*
- (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) (if not the Principal Paying Agent): [name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
- (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).)*
- (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: []

¹⁹ Actual/365(Fixed) is applicable to Renminbi denominated Notes.

- (n) Commencement Date of the [] *[Specify the relevant commencement month of the inflation 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: [As per Conditions]/*[specify]*
- (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 (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 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] [and] [8.5]: 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): [[] 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 Trustee.)

20. Regulatory Call:

[Applicable/Not Applicable]

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

(Only relevant in the case of Subordinated Notes)

- (a) Early Redemption Amount payable on redemption for regulatory reasons (in the case of Subordinated Notes only and subject to the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation) as contemplated by Condition 8.3 and/or the method of calculating the same (if required or if different from that set out in Condition 8.6 (Redemption and Purchase – Early Redemption Amounts):
- [[] per Calculation Amount/As per Condition 8.6]

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 item 18 above) of notice has to be sent to the Principal Paying Agent and the Trustee and, in accordance with Condition 16, the Noteholders)

(Only relevant in the case of Senior Notes)

22. Early Redemption Amount payable on redemption for taxation reasons (as contemplated by Condition 8.2) or on event of default (in the case of (i) Senior Notes and (ii) Subordinated Notes only, subject to, respectively, (i) Condition 8.15 and (ii) Condition 8.14 (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)):
- [[] per Calculation Amount/As per Condition 8.2]
- [See also paragraph 20 (Regulatory Call)] *(Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable) (N.B. If the Final Redemption Amount (except in the case of Zero Coupon Notes) is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider) / In the case of Zero Coupon Notes only, evaluate to insert the reference to the Condition 8.2. If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

23. 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]*
24. 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: []/[Not Applicable]
- (ii) Relevant Valuation Time: []/[Not Applicable]
- (b) Party responsible for calculating the Spot Rate: [Calculation Agent]/[Not Applicable]
25. Relevant Currency: [*specify*] [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. 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 2005.²⁰]
- [Registered Notes:

* For any maturity extension at the option of the holder a minimum of 10 business days notice is required.
²⁰ Include for Notes that are to be offered in Belgium.

- Regulation S Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*)
- (b) New Global Note: [Yes] [No]
27. Additional Financial Centre(s): [Not Applicable/*give details*]
(*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) relates*)
28. [RMB Settlement Centre(s): [Not Applicable/*give details*]]
29. 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 [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as [it/they] [is/are] aware and [is/are] 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 [<i>name of the Issuer</i>]:	[Signed on behalf of UniCredit S.p.A.:
By:	By:
<i>Duly authorised</i>	<i>Duly authorised</i>
By:	By:
<i>Duly authorised</i>	<i>Duly authorised</i>

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 any fees 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 the Guarantor] and [its/their] 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: []

(Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (Fixed Rate Notes only)

Indication of yield: [] [Not Applicable]

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

6. [HISTORIC INTEREST RATES (Floating Rate Notes Only)

Details of historic [LIBOR/EURIBOR/CMS Reference Rate] rates can be obtained from [Reuters].]

7. OPERATIONAL INFORMATION

(a) ISIN: []

(b) Common Code: []

(c) CUSIP: [] [Not Applicable]

(d) CINS: [] [Not Applicable]

(e) [[specify other codes] []]

(f) 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)]

(g) Delivery: Delivery [against/free of] payment

(h) Names and addresses of additional Paying Agent(s) (if any): []

(i) Intended to be held in a manner which would allow Eurosystem eligibility: [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.]/

[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] |
| | | <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] |

(if not applicable, delete the remaining placeholders of

this paragraph (viii) and also paragraph 9 below)

[Public/Non-exempt] Offer
Jurisdictions:

[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]

Offer Period:

[Specify date(s)] until [specify date(s) or a formula such as "the Issue Date" or "the date which falls [] Business Days thereafter"]

Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it:

[Insert names and addresses of financial intermediaries receiving consent (specific consent)/Not Applicable]

General Consent:

[Not Applicable][Applicable]

Other Authorised Offeror Terms conditions to consent:

[Not Applicable][Add here any other Authorised Offeror Terms]

(Authorised Offeror Terms should only be included here where General Consent is applicable)

(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.)

(ix) Prohibition of Sales to EEA Retail Investors:

[Applicable/Not Applicable]

(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products, "Applicable" should be specified.)

9. TERMS AND CONDITIONS OF THE OFFER

(Delete whole section if sub-paragraph 8(viii) is specified to be Not Applicable because there is no Non-exempt Offer)

- | | | |
|-----|--|--|
| (a) | Offer Price: | [Issue Price/Not Applicable/ <i>specify</i>] |
| (b) | Conditions to which the offer is subject: | [Not Applicable/ <i>give details</i>] |
| (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/ <i>give details</i> /Not Applicable] |
| (d) | Details of the minimum and/or maximum amount of application: | [Not Applicable/ <i>give details</i>] |
| (e) | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | [Not Applicable/ <i>give details</i>] |
| (f) | Details of the method and time limits for paying up and delivering the Notes: | [Not Applicable/ <i>give details</i>] |
| (g) | Manner in and date on which results of the offer are to be made public: | [Not Applicable/ <i>give details</i>] |
| (h) | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/ <i>give details</i>] |
| (i) | Whether tranche(s) have been reserved for certain countries: | [Not Applicable/ <i>give details</i>] |
| (j) | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [Not Applicable/ <i>give details</i>] |
| (k) | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/ <i>give details</i>] |
| (l) | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | [<i>insert name</i>] [<i>insert address</i>] [The Authorised Offerors identified in paragraph [8] above and identifiable from the Base Prospectus/None/ <i>give details</i>] |

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[, from 1 January 2018,]²¹ are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (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.]²²

[Date]

FINAL TERMS

[UniCredit S.p.A. / UniCredit Bank Ireland p.l.c. / UniCredit International Bank (Luxembourg) S.A.]
[Please include the place of incorporation, registered office, registration number and form of the relevant Issuer]

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

Part A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 June 2017 [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[, the Guarantor] 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., Via A. Specchi 16, 00186, Rome, Italy][UniCredit Bank Ireland p.l.c. – La Touche House, International Financial Services Centre, Dublin 1, Ireland][UniCredit International Bank (Luxembourg) S.A. – 8-10 rue Jean Monnet, L 2180 Luxembourg] [and] has been published on the website of UniCredit www.unicreditgroup.eu, as well as on the website of the Luxembourg Stock Exchange, 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 Conditions (the **Conditions**) set forth in [the Base Prospectus dated 15 June 2016 / the supplement dated 2 May 2017 to the Base Prospectus dated 15 June 2016] which are incorporated by reference in the Base Prospectus dated 15 June 2017. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the

²¹ This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.

²² Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 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” (ii) for offers concluded before 1 January 2018 at the option of the parties.

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 [, the Guarantor] 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 has been published on the website of UniCredit www.unicreditgroup.eu as well as on the website of the Luxembourg Stock Exchange, 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.]

[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 [] 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:²³ []

(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)

²³ Notes to be issued by UniCredit Ireland with a minimum maturity of two years which are not listed on a stock exchange must have a minimum denomination of €500,000 or its equivalent at date of issuance. Notes to be issued by UniCredit Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this programme).

(Notes must have a minimum denomination of €100,000 (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 (in relation to calculation of interest in global form see the Conditions): ☐

(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 - Interest Payment Date falling in or nearest to [specify month and year]²⁴]

[(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/CMS Reference Rate] +/- ☐ ☐ per cent. Floating Rate]

[Floating Rate: CMS Rate Linked Interest]

[Inflation Linked Interest]

[Zero Coupon]

²⁴ 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.

- (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 13,14 and 15 below and identify there]* [Not Applicable]
11. Put/Call Options: [Not Applicable]
- [Issuer Call]
- [Regulatory Call]
- [Loss Absorption Disqualification Event]
- [(see paragraph[s] [19]/[,20][and][21])]
12. Status of the Notes: [Senior/ Subordinated]
- (a) [Date of [Board] approval for issuance of Notes] []
- (b) [Date of [Board] approval for the Guarantee:] []
(Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

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) for Notes in definitive form *(and in relation to Notes in global form see the Conditions)*: [] per Calculation Amount
(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) for Notes in definitive form *(and in relation to Notes in global form see the Conditions)*: [] [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
- (f) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [Actual/365 (Fixed)]²⁵
- (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)
14. 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 (b) below/, not subject to any adjustment, as the Business Day Convention 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 (if not the Agent): []
- (f) Screen Rate Determination:

²⁵ Applicable for Fixed Rate Notes denominated in Renminbi.

- Reference Rate(s): ☐ month ☐ [LIBOR/EURIBOR/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 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 (*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]
- (Sub-paragraphs (vi) and (vii) above to be completed in relation to CMS Rate 1)*
- 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]
- (Sub-paragraphs (vi) and (vii) above to be completed in relation to CMS Rate 1)*
- (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)]²⁶

15. Inflation Linked Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Inflation Index: []
- (Give or annex details of index/indices)*
- (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) (if not the Principal Paying Agent): [name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
- (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).)*
- (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 [] [Specify the relevant commencement month of the

²⁶ Actual 365 (Fixed) is applicable to Renminbi denominated Notes.

	Inflation Index:	<i>retail price index</i>
(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:	[]
		<i>(This is necessary whenever Fallback Bond is applicable)</i>
(u)	Additional Disruption Events:	[As per Conditions]/[specify]
(v)	Trade Date:	[]
16.	Change of Interest Basis Provisions:	[Applicable]/[Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
		<i>(To be completed in addition to paragraphs 13 and 14 (as appropriate) if any fixed to floating or fixed reset rate change occurs)</i>
(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]
		<i>(The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 16 on or prior to the relevant Switch Option Expiry Date)</i>
(b)	Switch Option Expiry Date:	[]
(c)	Switch Option Effective Date:	[]
17.	Zero Coupon Note Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(a)	Accrual Yield:	[] per cent. per annum
(b)	Reference Price:	[]

as between the Issuer and the Agent or Trustee)

20. Regulatory Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (Only relevant in the case of Subordinated Notes)*
- (a) Early Redemption Amount payable on redemption for regulatory reasons (in the case of Subordinated Notes only and subject to the prior approval of the relevant Competent Authority, as applicable, and in accordance with applicable laws and regulations, including Articles 77(b) and 78 of the CRD IV Regulation) as contemplated by Condition 8.3 and/or the method of calculating the same (if required or if different from that set out in Condition 8.6 (Redemption and Purchase – Early Redemption Amounts): [[] per Calculation Amount/As per Condition 8.6]
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 item 18 above) of notice has to be sent to the Principal Paying Agent and the Trustee and, in accordance with Condition 16, the Noteholders)*
- (Only relevant in the case of Senior Notes)*
22. Early Redemption Amount payable on redemption for taxation reasons (as contemplated by Condition 8.2) or on event of default (in the case of (i) Senior Notes and (ii) Subordinated Notes only, subject to, respectively, (i) Condition 8.15 and (ii) Condition 8.14 (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)): [[] per Calculation Amount/As per Condition 8.2]
- [See also paragraph 20 (Regulatory Call)] *(Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable) (N.B. If the Final Redemption Amount (except in the case of Zero Coupon Notes) is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider) / In the case of Zero Coupon Notes only, evaluate to insert the reference to the Condition 8.2. If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*
23. 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*
24. 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: []/[Not Applicable]
- (ii) Relevant Valuation Time: []/[Not Applicable]
- (b) Party responsible for calculating the Spot Rate: [Calculation Agent][Not Applicable]
25. Relevant Currency: [specify] [Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. 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 2005.²⁷]
- (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*

* For any maturity extension at the option of the holder a minimum of 10 business days notice is required

²⁷ Include for Notes that are to be offered in Belgium.

of the Notes in paragraph 5 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 depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*)]

- | | |
|---|---|
| (b) New Global Note: | [Yes] [No] |
| 27. Additional Financial Centre(s): | [Not Applicable/give details]
<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 14(c) relates)</i> |
| 28. [RMB Settlement Centre(s): | [Not Applicable/give details]] |
| 29. 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 [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as [it/they] [is/are] aware and [is/are] able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]]

Signed on behalf of [*name of the Issuer*]: [Signed on behalf of UniCredit S.p.A.:

By: By:

Duly authorised *Duly authorised*

By: By:

Duly authorised *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 any fees 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 the Guarantor] and [its/their] 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]

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

5. [HISTORIC INTEREST RATES (*Floating Rate Notes only*)

[LIBOR/EURIBOR/CMS Reference Rate] rates can be obtained from [Reuters].]

6. OPERATIONAL INFORMATION

(a) ISIN Code: ☐

(b) Common Code: ☐

(c) CUSIP: ☐ [Not Applicable]

(d) CINS: ☐ [Not Applicable]

(e) *[[specify other codes]* ☐

(f) Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(g) Delivery: Delivery [against/free of] payment

(h) Names and addresses of additional Paying Agent(s) (if any): ☐

(i) Intended to be held in a manner which would allow Eurosystem eligibility: [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.] /

[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.]]

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/give names]

<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) | 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]

(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products, “Applicable” should be specified.) |

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[, from 1 January 2018,]²⁸ are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (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.]²⁹

[Date]

PRICING SUPPLEMENT

[UniCredit S.p.A. / UniCredit Bank Ireland p.l.c. / UniCredit International Bank (Luxembourg) S.A.]
[Please include the place of incorporation, registered office, registration number and form of the relevant Issuer]

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

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 15 June 2017 [as supplemented by the supplement[s] dated [date[s]]] (the **Base Prospectus**). Full information on the Issuer [, the Guarantor] 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 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]³⁰

²⁸ This date reference should not be included in Pricing Supplements for offers concluded on or after 1 January 2018.

²⁹ Legend to be included on front of the Pricing Supplement (i) for offers concluded on or after 1 January 2018 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” (ii) for offers concluded before 1 January 2018 at the option of the parties.

³⁰ To be included in Pricing Supplement where UniCredit S.p.A. is the Issuer or the Guarantor

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (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].³¹

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

(a) Guarantor: [UniCredit S.p.A.][Not Applicable]
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:³² []

(a) Calculation Amount (*in relation to calculation of interest in global form see the Conditions*): []

(If only one Specified Denomination, insert the Specified Denomination)

³¹ Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

³² Notes to be issued by UniCredit Ireland with a minimum maturity of two years which are not listed on a stock exchange must have a minimum denomination of €500,000 or its equivalent at date of issuance. Notes to be issued by UniCredit Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this programme).

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)

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: []
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 15 below and identify there] [Not Applicable]
12. Put/Call Options: [Not Applicable]
- [Issuer Call]
- [Loss Absorption Disqualification Event]
- [(further particulars specified below)]
13. Status of the Notes: [Senior/ Subordinated]
- (a) [Date of [Board] approval for issuance of Notes: []]
- (b) [Date of [Board] approval for the Guarantee: []]
- (Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related

Guarantee)

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) for Notes in definitive form *(and in relation to Notes in global form see the Conditions)*: [] per Calculation Amount
- (e) Broken Amount(s) for Notes in definitive form *(and in relation to Notes in global form see the Conditions)*: [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (f) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other][Actual 365 (Fixed)]³³
- (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. 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 (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not

³³ Applicable for Fixed Rate Notes denominated in Renminbi.

- 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 (if not the Agent): []
- (f) Screen Rate Determination:
- (i) Reference Rate: Reference Rate: [] month [LIBOR/EURIBOR/CMS Reference Rate]. (*Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement*)
- (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 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 (<i>specify for each short or long interest period</i>)
(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) <i>Other</i> ³⁴
(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:	[]
16.	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] [specify other codes]
17.	Index Linked Interest Note:	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of

³⁴ Actual 365 (Fixed) is applicable to Renminbi denominated Notes.

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) Calculation Agent: [give name]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (e) Specified Period(s)/Specified Interest Payment Dates: [] [, 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 (b) below is specified to be Not Applicable]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other] [Not Applicable]
- (g) Additional Business Centre(s): []
- (h) Minimum Rate of Interest: [] per cent. per annum
- (i) Maximum Rate of Interest: [] per cent. per annum
- (j) Day Count Fraction: []
- 18. 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 calculation by reference to Rate *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*

of Exchange impossible or
impracticable:

- (d) Person at whose option Specified []
Currency(ies) is/are payable:

PROVISIONS RELATING TO REDEMPTION

19. Notice periods for Condition [8.2] [and] Minimum period: [] days
[8.5]:

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 [] per Calculation Amount
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):

- (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 15 clearing system business
days' notice for a put) and custodians, as well as any
other notice requirements which may apply, for example,
as between the Issuer and the Agent or Trustee).*

21. Regulatory Call: [Applicable/Not Applicable]

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

(Only relevant in the case of Subordinated Notes)

- (a) Early Redemption Amount [] per Calculation Amount/ As per Condition 8.6]
payable on redemption for
regulatory reasons (in the case of
Subordinated Notes only and
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) as contemplated by Condition 8.3 and/or the method of calculating the same (if required or if different from that set out in Condition 8.6 (Redemption and Purchase – Early Redemption Amounts):

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 item 18 above) of notice has to be sent to the Principal Paying Agent and the Trustee and, in accordance with Condition 16, the Noteholders)*
- (Only relevant in the case of Senior Notes)*
23. Final Redemption Amount: []/[100 per cent.] per Calculation Amount
24. Early Redemption Amount payable on redemption for taxation reasons (as contemplated by Condition 8.2) or on event of default (in the case of (i) Senior Notes and (ii) Subordinated Notes only, subject to, respectively, (i) Condition 8.15 and (ii) Condition 8.14 (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)): [] per Calculation Amount
- [See also paragraph 20 (Regulatory Call)] (Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable) (N.B. If the Final Redemption Amount (except in the case of Zero Coupon Notes) is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider) / In the case of Zero Coupon Notes only, evaluate to insert the reference to the Condition 8.2. If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*
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: []/[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]
27. 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^{*}

^{*} For any maturity extension at the option of the holder a minimum of 10 business days' notice is required

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. 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 2005.³⁵]

(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 1 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*)

(b) [New Global Note:

[Yes] [No]]

29. Additional Financial Centre(s):

[Not Applicable/give details]
(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

³⁵ Include for Notes that are to be offered in Belgium.

which subparagraphs 16(b) relates)

- | | | |
|-----|---|--|
| 30. | [RMB Settlement Centre | [Not Applicable/ <i>give details</i>]] |
| 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] |
| 32. | 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 payment. | [Not Applicable/ <i>give details. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues</i>] |
| 33. | Details relating to Instalment Notes: | [Applicable/Not Applicable] |
| | | <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| | (a) Instalment Amount(s): | [<i>give details</i>] |
| | (b) Instalment Date(s): | [<i>give details</i>] |
| 34. | Other terms or special conditions: | [Not Applicable/ <i>give details</i>] |

[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 [name of the Issuer]:	[Signed on behalf of UniCredit S.p.A.:
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By:	By:
-----------	-----------

Duly authorised	Duly authorised
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By:	By:
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Duly authorised	Duly authorised]
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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 any fees 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 the Guarantor] and [its/their] 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) [[specify other codes] []]
 - (vi) Any clearing system(s) other than Euroclear. and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
 - (vii) Delivery: Delivery [against/free of] payment
 - (viii) Names and addresses of additional Paying Agent(s) (if any): []
 - (ix) Intended to be held in a manner which would allow Eurosystem eligibility: [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.]/

[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: | [Not Applicable/ <i>give names</i>] |
| | | <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: | [] [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] |
| | | (If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute |

“packaged” products, “Applicable” should be specified.)

Terms and Conditions of the 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.

The following are the Terms and Conditions of the Notes which will be attached to or (in the case of Notes issued by UniCredit Ireland) incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange, the competent authority or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable 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.

This Note is one of a Series (as defined below) of Notes constituted by a Twelfth Amended and Restated Trust Deed (such Twelfth Amended and Restated Trust Deed, as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 15 June 2017 and made between UniCredit S.p.A. (**UniCredit** or the **Parent**), UniCredit Bank Ireland p.l.c. (**UniCredit Ireland**), UniCredit International Bank (Luxembourg) S.A. (**UniCredit International Luxembourg**) and Citicorp Trustee Company Limited as trustee for the time being for the Noteholders (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed), and issued by UniCredit or UniCredit Ireland or UniCredit International Luxembourg (or any other company which has become an issuer under the Programme and the Trust Deed in accordance with Condition 17) as indicated in the applicable Final Terms (each of them, the **Issuer**, which expression shall include any company substituted in place of the Issuer in accordance with Condition 17). The terms of the guarantee applicable to the Notes issued by UniCredit Ireland and UniCredit International Luxembourg and provided by UniCredit (in its capacity as guarantor of Notes issued by UniCredit Ireland (other than Subordinated Notes) and UniCredit International Luxembourg, the **Guarantor**, which expression shall include any company substituted in place of the Guarantor in accordance with Condition 17) are contained in the Trust Deed. These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Registered Notes, Coupons, Receipts and Talons referred to below. References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of a Fifteenth Amended and Restated Agency Agreement dated 15 June 2017 (such Fifteenth Amended and Restated Agency Agreement, as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between UniCredit, UniCredit Ireland, UniCredit International Luxembourg, the Guarantor, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citibank, N.A., London Branch as exchange agent (the **Exchange Agent** which expression shall include any successor exchange agent) and Citigroup Global Markets Deutschland AG as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the

other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

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 15 June 2017 (the **Deed Poll**) and executed by UniCredit, UniCredit Ireland and UniCredit International Luxembourg are available for inspection during normal business hours at the principal office for the time being of the Trustee being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**) and KBL European Private Bankers 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). 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 issued by UniCredit, UniCredit Ireland or UniCredit International Luxembourg, a Subordinated Note issued by UniCredit, as indicated in the applicable Final Terms.

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

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, 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 Guarantor (in the case of Guaranteed Notes) the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor (in the case of Guaranteed Notes) any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

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

References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in 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 Conditions 2.3 and 2.6 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (with the prior written approval of the Trustee) (the initial such regulations being set out in Schedule 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 (a)(i) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (a)(ii) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

2.6 Transfers of interests in Legended Notes

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

- (a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately through Euroclear and/or Clearstream, Luxembourg; or
- (b) to a transferee who takes delivery of such interest through a Legended Note:
 - (i) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification;
 - (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, the following expressions shall have the following meanings:

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

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

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

QIB means a “qualified institutional buyer” within the meaning of Rule 144A as defined below;

Regulation S means Regulation S under the Securities Act;

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

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

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

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

3. GUARANTEED NOTES

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

If the Notes are specified in the applicable Final Terms to be guaranteed (**Guaranteed Notes**), the Guarantor has unconditionally and irrevocably guaranteed the due performance of all payment and

other obligations of the Issuer under the Notes, Receipts and Coupons, these Conditions and the Trust Deed. The obligations of the Guarantor in this respect (the **Guarantee**) are contained in the Trust Deed.

4. STATUS OF THE SENIOR NOTES AND THE SENIOR GUARANTEE

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

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

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 in respect of such Senior Note and, in the case of Guaranteed Notes, the Guarantee.

5. STATUS OF THE SUBORDINATED NOTES

This Condition 5 applies only to Notes issued by UniCredit specified in the applicable Final Terms as Subordinated and being Subordinated Notes.

5.1 Status of Subordinated Notes issued by UniCredit

- (a) 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 *pari passu* without any preference among themselves.
- (b) In the event of the winding-up, dissolution, liquidation or bankruptcy of UniCredit or in the event that UniCredit becomes subject to an order for *Liquidazione Coatta Amministrativa*, as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy, as amended (the **Italian Banking Act**) the payment obligations of UniCredit under the Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredit and after all creditors of UniCredit holding instruments which are less subordinated than the relevant Subordinated Notes but at least *pari passu* with all other 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.
- (c) In relation to each Series of Subordinated Notes all Subordinated Notes of such Series will be treated equally and all amounts paid by UniCredit in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.
- (d) Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

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

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

Except in the cases of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amount (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 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); and
- (d) 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 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 subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions. Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes (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 as provided below, be either:

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

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

If the Relevant Screen Page is not available or if no offered quotation appears or, in the case of fewer than three such offered quotations appears, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent with its 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 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 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 an 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, 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 offered rates, the 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 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 relevant Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting 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, 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:

$$\text{Leverage} \times [(\text{Min}(\text{CMS Rate 1}; \text{Cap}) - \text{CMS Rate 2}) + \text{Margin}]$$

- (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:

$$\text{Leverage} \times \text{Min} [\text{Max}(\text{CMS Rate} + \text{Margin}; \text{Floor}); \text{Cap}]$$

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

For the purposes of this sub-paragraph (B):

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 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 in good faith on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with standard market practice;

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, or (iv) 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 Calculation Agent;

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;

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time; and

Reuters Page ICESWAP2 means, in respect of a CMS Linked Notes, whichever of the Reuters Screen ICESWAP pages designated for purposes of displaying par swap rates for swaps in the currency of denomination of the relevant issue of CMS-Linked Notes.

(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 paragraph (d) below 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 has the meaning given to it 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 paragraph (a) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

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

(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 Condition 6.2 above, 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 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 and in accordance with Condition 16 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 Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Inflation Linked Interest Notes, 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.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or, as appropriate, an Inflation Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

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

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

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

- (D) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- Y₁** is the year, expressed as a number, in which the first day of the Interest Period falls;
- Y₂** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- M₁** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- M₂** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- D₁** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and
- D₂** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ 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:

- Y₁** is the year, expressed as a number, in which the first day of the Interest Period falls;
- Y₂** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- M₁** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- M₂** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- D₁** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and
- D₂** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;
- (G) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- Y₁** is the year, expressed as a number, in which the first day of the Interest Period falls;
- Y₂** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- M₁** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- M₂** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- D₁** 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 D₁ will be 30; and
- D₂** 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 D₂ 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 Agent 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

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Luxembourg Stock Exchange at the latest on the first London Business Day of each Interest Period, the Issuer and any stock exchange on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 16. For the purposes of this paragraph (f), 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) Determination or Calculation by Trustee

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with paragraph (b) or (e) above, as the case may be, and in each case in accordance with paragraph (c) above, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) determine the Rate of Interest at such rate plus or minus (as appropriate) the relevant margin (if any) as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 6.2, but subject always to paragraph (b) above, it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) calculate the Interest Amount(s) in the manner referred to in paragraph (e) above, and such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(j) 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 6.2 by the Principal Paying Agent or, if applicable, the Calculation Agent, or, if applicable, the Trustee, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Guarantor (in the case of the Guaranteed Notes), the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

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, and such other events (if any) specified as an Additional Disruption Event in the applicable Final Terms;

Change in 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, (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), or (iii), if the Notes are Guaranteed Notes, the performance of the Guarantor under the Guarantee has become unlawful;

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) 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 (or the Guarantor (as appropriate)) 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 (or, if the Notes are Guaranteed Notes, the Guarantor (as appropriate)) 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 (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level}); \text{ or}$$

- (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) below), 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 Conditions 6.3(b)(ii), 6.3(b)(iii) or 6.3(b)(iv) below;
- (ii) if a Successor Inflation Index has not been determined pursuant to Condition 4(b)(i) above, 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 Conditions 6.3(b)(i) or 6.3(b)(ii) above, 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) below;
- (iv) if no replacement index or Successor Inflation Index has been determined under Conditions 6.3(b)(i), 6.3(b)(ii) or 6.3(b)(iii) above 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. Neither the Issuer nor, if the Notes are guaranteed Notes, the Guarantor shall 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, if the Notes are Guaranteed Notes, the Guarantor nor their 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, if the Notes are Guaranteed Notes, the Guarantor, its, or as appropriate, their 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 Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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 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 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 Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (a) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date and (b) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. 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 Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars 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 Guarantor (in the case of Guaranteed Notes), the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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

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

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

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 relevant Issuer acting in good faith and in a commercially reasonable manner, the relevant 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 relevant 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 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 relevant 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 relevant Issuer, the Guarantor, 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 and Senior Notes, to the provisions of, respectively, Condition 8.14 and Condition 8.15) in whole, but not 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, the Noteholders (which notice shall be irrevocable), if:

- (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 or the Guarantor (in the case of Guaranteed Notes) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of, 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 Regulatory Capital Requirements (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 relevant Issuer as at the date of the issue of the relevant Subordinated Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) taking reasonable measures available to it,

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

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

Upon the expiry of any such notice as is referred to in this Condition 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 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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, the Noteholders (which notice shall be irrevocable), 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 the Issue Date, both of the following conditions are met: (i) the Competent Authority considers such a change to be reasonably 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 relevant Issuer as at the date of the issue of the relevant Subordinated Notes.

In this Condition 8.3:

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

Upon the expiry of any such notice as is referred to in this Condition 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 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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 contains 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 Senior Notes and Subordinated Notes, the provisions of, respectively, Condition 8.14 and 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 (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 Agent 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 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 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 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, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8.4 by the Agent, shall (in the absence of negligence, wilful default or fraud) be binding on the Issuer, the Agent, the Paying 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.

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 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, the Noteholders (which notice shall be irrevocable), if the Issuer determines that an 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 below 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 relating to the resolution 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 UniCredit and each entity within the prudential consolidation of UniCredit pursuant to Chapter 2 of Title II of Part One of the CRD IV Regulation;

Group Entity means UniCredit or any legal person that is part of the UniCredit Group;

MREL or TLAC Disqualification Event means that, by reason of the introduction of or a change in MREL or TLAC Requirements, which was not reasonably foreseeable by the Issuer at the Issue Date of the Notes, all or part of the aggregate outstanding nominal amount of such Series of Notes are or will be excluded fully or partially from eligible liabilities available to meet the MREL or TLAC Requirements. For the avoidance of doubt: (a) the exclusion of a Series of 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) any exclusion shall not be 'reasonably foreseeable' by the Issuer at the Issue Date where such exclusion arises as a result of (i) any legislation which gives effect to the EC Proposals differing, as it applies to the Issuer and/or the Group, in any respect from the form of the EC Proposals, or if the EC Proposals have been amended as at the Issue Date of the first Series of the Notes, in the form so amended at such date (including if the EC Proposals are not implemented in full), or (ii) the official interpretation or application of the EC Proposals as applicable to the Issuer and/or the Group (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the official interpretation or application, if any, in place as at the Issue Date of the first Series of the Notes;

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 or a Relevant Resolution 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;

Regulatory Capital Requirements 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 (including, in respect of UniCredit Ireland, the Irish resolution authority and, in respect of UniCredit International Luxembourg, the Luxembourg resolution authority);

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 and Condition 8.5 above and Condition 11:

- (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:

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

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 paragraph 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 and the applicable Pricing Supplement.

8.9 Purchases

Subject to Condition 8.15 in respect of Senior Notes and Condition 8.14, in respect of Subordinated Notes, the Parent, the Issuer or any subsidiary of the Parent may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

Subordinated Notes may only be purchased by the Parent, the Issuer or any of the Parent's subsidiaries, unless and to the extent permitted by the relevant Regulatory Capital Requirements (as defined in Condition 8.5) at the relevant time the Notes to be purchased (a) do 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 aggregate nominal amount of the Subordinated Notes qualified on issue as "Tier 2 capital" for regulatory capital purposes of the Issuer from time to time outstanding and (b) 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 Parent, the Issuer or any Subsidiary of the Issuer and surrendered to any Paying Agent for cancellation pursuant to Condition 8.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) (and subject, in the case of the cancellation of Subordinated Notes purchased by the Parent or any of the Parent'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 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) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the Trustee or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 16.

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 Conditions 8.2 (*Redemption for tax reasons*), 8.3 (*Redemption for regulatory reasons (Regulatory Call)*), 8.4 (*Redemption at the option of the Issuer (Issuer Call)*) or 8.9 (*Purchases*) is subject to:

- (a) the relevant 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 Regulatory Capital Requirements, including Articles 77(b) and 78 of the CRD IV Regulation); and
- (b) compliance by the relevant Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Regulatory Capital Requirements for the time being.

In these Conditions **Competent Authority** means, in the case of Subordinated Notes and Senior Notes issued by UniCredit, 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.

8.15 Conditions to Redemption and Purchase of Senior Notes

Any redemption or purchase in accordance with Conditions 8.2, 8.4, 8.5 or 8.9 of Senior Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Regulatory Capital Requirements at the relevant time (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).

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 or the Guarantor (in the case of Guaranteed Notes) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer or, as

the case may be, the Guarantor (in the case of Guaranteed Notes) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest, in the case of Senior Notes, 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 Parent) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or 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 case of Guaranteed Notes and Notes issued by UniCredit) in the Republic of Italy; or
 - (v) presented for payment (in the case of Notes issued by UniCredit Ireland) in Ireland; or
 - (vi) presented for payment (in the case of Notes issued by UniCredit International Luxembourg) in Luxembourg; or
 - (vii) presented for payment (in respect of payments by UniCredit) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or
 - (viii) presented for payment (in respect of payments by UniCredit) in all circumstances in which the procedures set forth in Legislative Decree No. 239 of 1 April 1996, as amended, have not been met or complied with, except where such requirements and procedures have not been met or complied with due to the actions or omissions of UniCredit or its agents; or
 - (ix) 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
 - (x) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note/Coupon to another Paying Agent in a Member State of the European Union; or

- (xi) 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
- (xii) where such withholding or deduction is imposed on a payment pursuant to (i) 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 (I) (in the case of payments by UniCredit) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, (II) (in the case of payments by UniCredit Ireland) the Republic of Ireland or any political subdivision or any authority thereof or therein having power to tax, and (III) (in the case of payment by UniCredit International Luxembourg) Luxembourg or any political subdivision or any authority thereof or therein having power to tax, or in any such case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the relevant Issuer or the Guarantor (in the case of Guaranteed Notes), as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons; and
- (B) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16.

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 or Condition 7.3 or any Talon which would be void pursuant to Condition 7.3.

In relation only to the Notes issued by UniCredit International Luxembourg, the Luxembourg Act dated 3 September, 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**), requires that any amount that is payable under the Notes, Receipts and Coupons (if any) (but which has not yet been paid to the holders of the Notes), in the event that (i) an opposition has been filed in relation to the Notes and (ii) the Notes mature prior to becoming forfeited (as provided for in the Involuntary Dispossession Act 1996), is paid to the *Caisse des consignations* in Luxembourg until the opposition has been withdrawn or the forfeiture of the Notes occurs.

11. EVENTS OF DEFAULT

11.1 Events of Default relating to Senior Notes

This Condition 11.1 applies only to Notes specified in the applicable Final Terms as 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 and, in the case of the Guaranteed Notes, the Guarantor that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (an **Event of Default**) shall occur:

- (A) if the Issuer is UniCredit, 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); and
- (B) if the Issuer is UniCredit Ireland or UniCredit International Luxembourg, the Issuer shall be insolvent, wound up, liquidated or dissolved (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders).

11.2 Events of Default relating to Subordinated Notes

This Condition 11.2 applies only to Notes issued by UniCredit specified in the applicable Final Terms as being Subordinated Notes.

The Trustee, at its discretion, may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give notice to UniCredit, that the Notes are, and shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount plus accrued interest as provided in the Trust Deed, in case of Subordinated Notes issued by UniCredit in the event that UniCredit shall become subject to Liquidazione Coatta Amministrativa as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy as amended from time to time (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders).

12. ENFORCEMENT

- 12.1 Subject (in the case of Senior Notes and Subordinated Notes issued by UniCredit) to paragraph 12.2 below, the Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the obligations of the Issuer and/or the Guarantor under the Trust Deed or the Notes, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receipholder or Couponholder shall be entitled to proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed as aforesaid, fails so to do within a reasonable time and such failure is continuing.

- 12.2 This Condition 12.2 applies only to Notes specified in the applicable Final Terms as being Senior Notes or Subordinated Notes issued by UniCredit.

Proceedings for the winding-up or liquidation of UniCredit may only be initiated in the Republic of Italy (and not elsewhere), by the Trustee on behalf of the Noteholders, in accordance with the laws of the Republic of Italy (except for the purposes of an Approved Reorganisation).

In these Conditions, **Approved Reorganisation** means a solvent and voluntary reorganisation involving, alone or with others, UniCredit and whether by way of consolidation, amalgamation, merger, transfer of all or part of any business or assets, or otherwise, provided that the principal resulting, surviving or transferee entity which is a banking company effectively assumes all the obligations of UniCredit under, or in respect of, the Notes and, in the case of Guaranteed Notes, the Guarantee.

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 the Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

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 or the Guarantor (as the case may be) is incorporated, and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange, the competent authority or other relevant authority; 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.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor (in the case of the Guaranteed Notes) and, in certain circumstances specified in the Agency Agreement and the Trust Deed, of the Trustee, and do not assume any obligation to, or relationship of agency or trust with, any 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) 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) 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) 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, the Guarantor (in the case of the Guaranteed Notes) or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be

binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do; or
- (b) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall, unless the Trustee agrees otherwise, be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

Without prejudice to the aforementioned discretions, the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution at any time or times of any successor company (as defined in the Trust Deed) of the Issuer or any subsidiary or holding company of the Issuer or any successor company to such successor company, as the principal debtor under the Trust Deed and the Notes. Such agreement shall be subject to the relevant provisions of the Trust Deed, including (except where a successor company of the Issuer is the new principal debtor) the irrevocable and unconditional guarantee of the Notes by the Issuer and, in the case of Guaranteed Notes (except where the Guarantor is the new principal debtor), the irrevocable and unconditional guarantee of the Notes by the Guarantor. The Trustee may also agree without the consent of the Noteholders, the Receiptholders or the Couponholders to the addition of another company as an issuer of Notes under the Programme and the Trust Deed and to the substitution (in the case of Guaranteed Notes) of any successor company of the Guarantor or any subsidiary or holding company of the Parent as the guarantor in respect of Guaranteed Notes. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require. In the case of any proposed substitution or addition, the Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interest of the Noteholders.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, substitution or change of law as aforesaid), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders, whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders, (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The provisions of articles 84 to 94-8 of the Luxembourg Act dated 10 August 1915 on commercial companies, as amended relating to meetings of Noteholders will not apply in respect of the Notes issued by UniCredit International Luxembourg.

In addition, if at any time a MREL or TLAC Disqualification Event occurs, then the Issuer may, subject to giving any notice required to be given to, and receiving any consent required from, the Competent Authority (without any requirement for the consent or approval of the Holders of the Senior 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 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.

In these Conditions, "**Qualifying Senior Notes**" means securities issued by the Issuer that:

- (a) 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.

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 the Guarantor and/or any of the Issuer's other subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and or the Guarantor and/or any of the Issuer's other subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

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 Guarantee, the Notes (except for Condition 5), the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law. Condition 5.1 and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, Italian law.

20.2 Submission to jurisdiction

The Trustee, the Issuer and (in the case of Guaranteed Notes) the Guarantor each agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly (subject, in the case of Subordinated Notes, to the provisions of Condition 12.2) any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

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

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

20.3 Waiver of trial by jury

Without prejudice to condition 20.2, each of the Issuers and the Guarantor waives any right it may have to a jury of trial 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

Each of the Issuers and (in the case of the Guaranteed Notes) the Guarantor agrees that any documents required to be served on it in relation to any Proceedings (including any documents which start any Proceedings) may be served on it by being delivered to UniCredit 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, each of the Issuers and (in the case of Guaranteed Notes) the Guarantor will appoint such other person as the Trustee may approve and as the Issuers and (in the case of Guaranteed Notes) the Guarantor may nominate in writing to the Trustee for the purpose of accepting service of process on its behalf in England in respect of any Proceedings. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

20.5 Non-exclusivity

The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder, Receiptholder or Couponholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

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, the Guarantor (in the case of Guaranteed Notes) 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 or, in the case of Guaranteed Notes, the Guarantor 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 or, as appropriate, the Guarantor shall notify the Noteholders without delay. Any delay or failure by the Issuer or, as appropriate, the Guarantor to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this clause.

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 Issuers for their general corporate purposes, which include making a profit. If in respect of any particular issue, there is a particular identified use of proceeds, 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

Description of UniCredit and the UniCredit Group

UniCredit S.p.A. (**UniCredit**), established in Genoa, Italy by way of a private deed dated 28 April 1870 with a duration until 31 December 2100, is incorporated as a joint-stock company under Italian law, with its registered office at Via A. Specchi 16, 00186, Rome, Italy and registered with the Company Register of Rome under registration number, fiscal code and VAT number 00348170101. UniCredit is registered with the National Register of Banks and is the parent company of the UniCredit Group. Stamp duty is paid virtually, if due, to Auth. Agenzia delle Entrate, Ufficio di Roma 1, No. 143106/07 of 21 December 2007. UniCredit's head office and principal centre of business is at Piazza Gae Aulenti, 3 Tower A 20154 Milan, Italy, telephone number +39 028862 8715 (Investor Relations). The fully subscribed and paid-up share capital of UniCredit as at 8 June 2017 amounted to €20,880,549,801.81.

The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Legislative Decree No. 385 of 1 September 1993 as amended (the **Italian Banking Act**) under number 02008.1 (the **Group** or the **UniCredit Group**) is a strong pan-European Group with a simple commercial banking model and a fully plugged in Corporate & Investment Bank, delivering its unique Western, Central and Eastern European network, with 6,137 branches³⁶ and 96,423 full time equivalent employees (FTEs)³⁷, to its extensive 25 million strong client franchise. UniCredit offers local expertise as well as international reach and accompanies and supports its clients globally, providing clients with access to leading banks in its 14 core markets, as well as other 18 countries worldwide. UniCredit's European banking network includes Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Serbia and Turkey.

HISTORY

Formation of the Group

UniCredit (formerly Unicredito Italiano S.p.A.) and the UniCredit Group of which UniCredit is the parent are the result of the October 1998 business combination between the Credito Italiano national commercial banking group (established in 1870 with the name *Banca di Genova*) and Unicredito S.p.A. (at the time the holding company owning a controlling interest in Banca CRT (*Banca Cassa di Risparmio di Torino S.p.A.*), CRV (*Cassa di Risparmio di Verona Vicenza Belluno e Ancona Banca S.p.A.*) and Cassamarca (*Cassa di Risparmio della Marca Trivigiana S.p.A.*).

Since its formation, the Group has grown in Italy and Eastern Europe through both organic growth and acquisitions, consolidating its role in relevant sectors outside Europe (asset management in the United States) and strengthening its international network.

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

³⁶ Number of branches at regulatory view.

³⁷ Group FTE are shown excluding UkrSotsbank (sold in 4Q16), Pioneer, Bank Pekao, and Immo Holding that are classified under IFRS5 and Ocean Breeze and Group Koç/YapiKredi (Turkey).

law and HVB became a UniCredit wholly-owned subsidiary. In summer 2005 UniCredit also conducted an exchange offer for the acquisition of all shares of BA not held by HVB at the time. At the conclusion of the offer, the Group held 94.98 per cent. of the aggregate share capital of BA. In January 2007, UniCredit, which at the time held 96.35 per cent. of the aggregate share capital of BA, including a stake equal to 77.53 per cent. transferred to UniCredit by HVB, resolved to commence the procedures to effect the squeeze-out of the minority shareholders of BA. As at the date of this Prospectus, UniCredit's interest in BA is equal to 99.996 per cent.; and

- by the business combination with Capitalia S.p.A. (**Capitalia**), the holding company of the Capitalia banking group (the **Capitalia Group**), realised through a merger by way of incorporation of Capitalia into UniCredit effective as of 1 October 2007.

In 2008 the squeeze outs³⁸ of the ordinary BA and HVB shares held by minority shareholders were completed.

Proceedings as to the adequacy of the squeeze-out price and in relation to the challenge to the relevant shareholders' resolutions promoted by certain BA and HVB shareholders are still pending. For more details please refer to the audited consolidated financial statements of UniCredit as at and for the year ended 31 December 2015 incorporated by reference herein.

UniCredit S.p.A. ordinary shares are listed on the Milan Stock Exchange organised and managed by Borsa Italiana S.p.A., on the Frankfurt Stock Exchange, segment General Standard, and on the Warsaw Stock Exchange.

THE CURRENT ORGANISATIONAL STRUCTURE

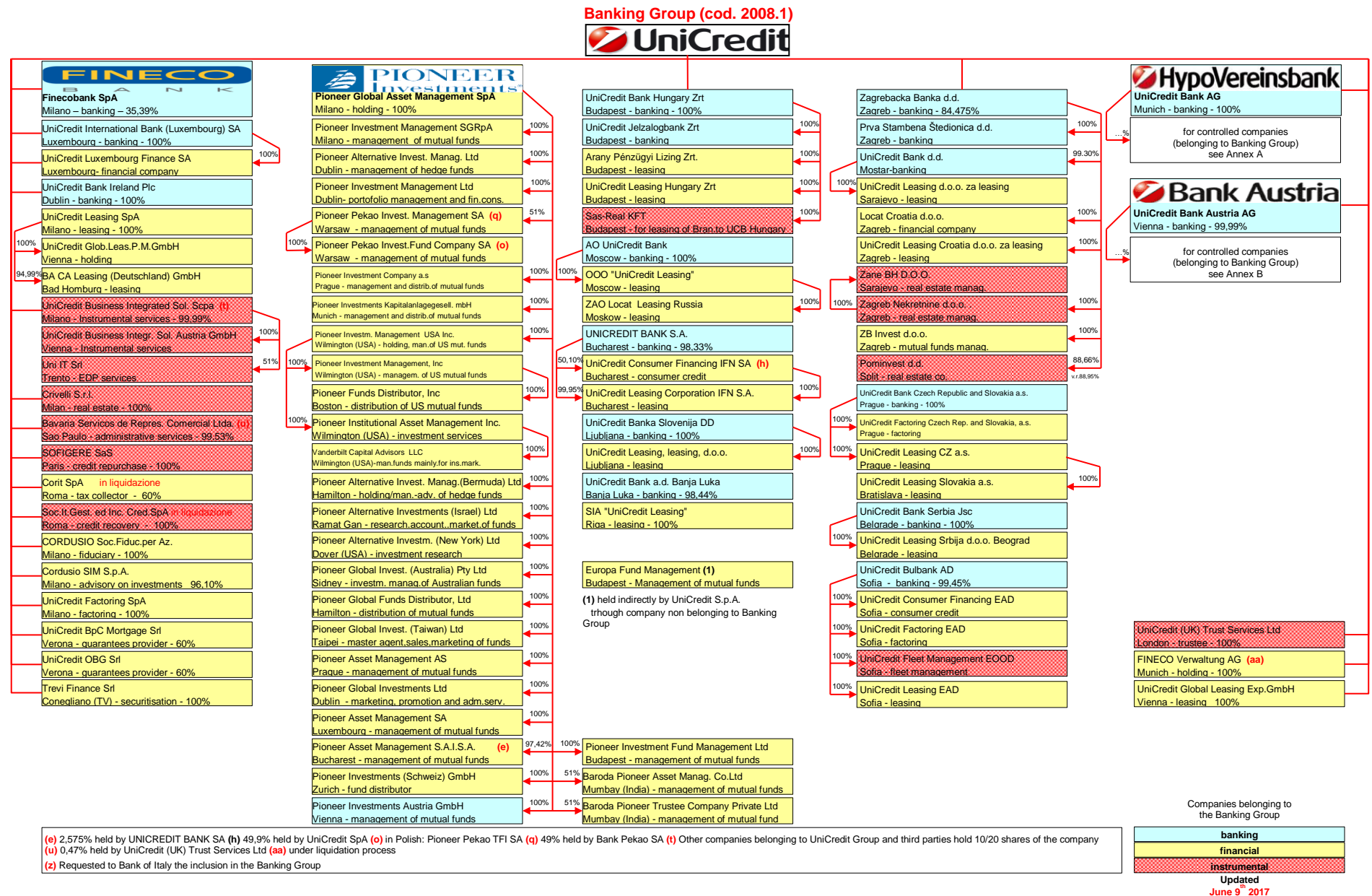
UniCredit is the parent company of the UniCredit Group and, in addition to banking activities, it carries out organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.

UniCredit, as a bank which undertakes management and co-ordination activities for the UniCredit Group, pursuant to Article 61 of the Italian Banking Act issues, when exercising the management and co-ordination activities, instructions to the other members of the banking group in respect of the fulfilment of the requirements laid down by the supervisory authorities in the interest of the banking group's stability.

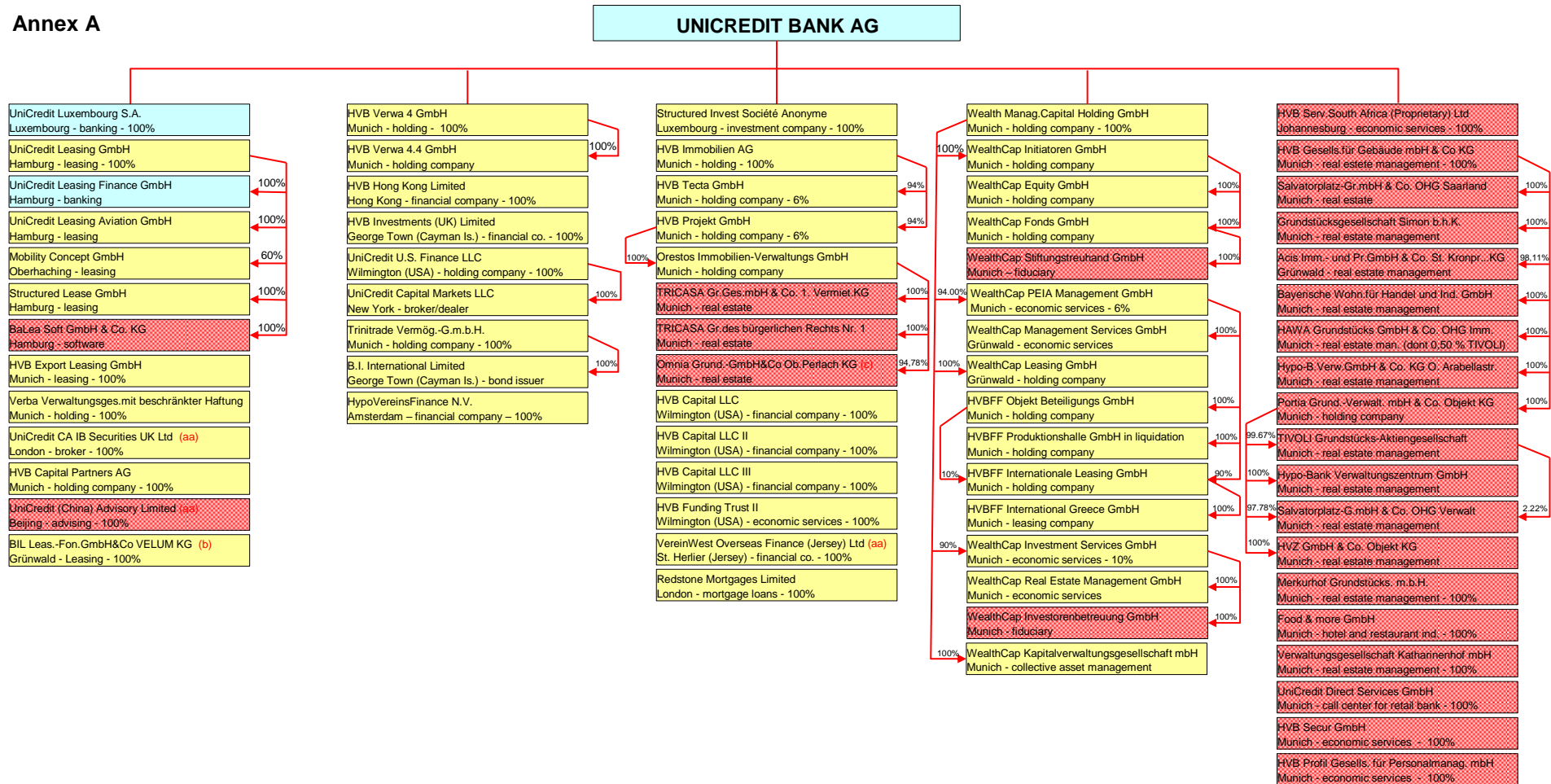
The following diagram illustrates the banking group companies as at 9 June 2017:

³⁸ 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



Annex A

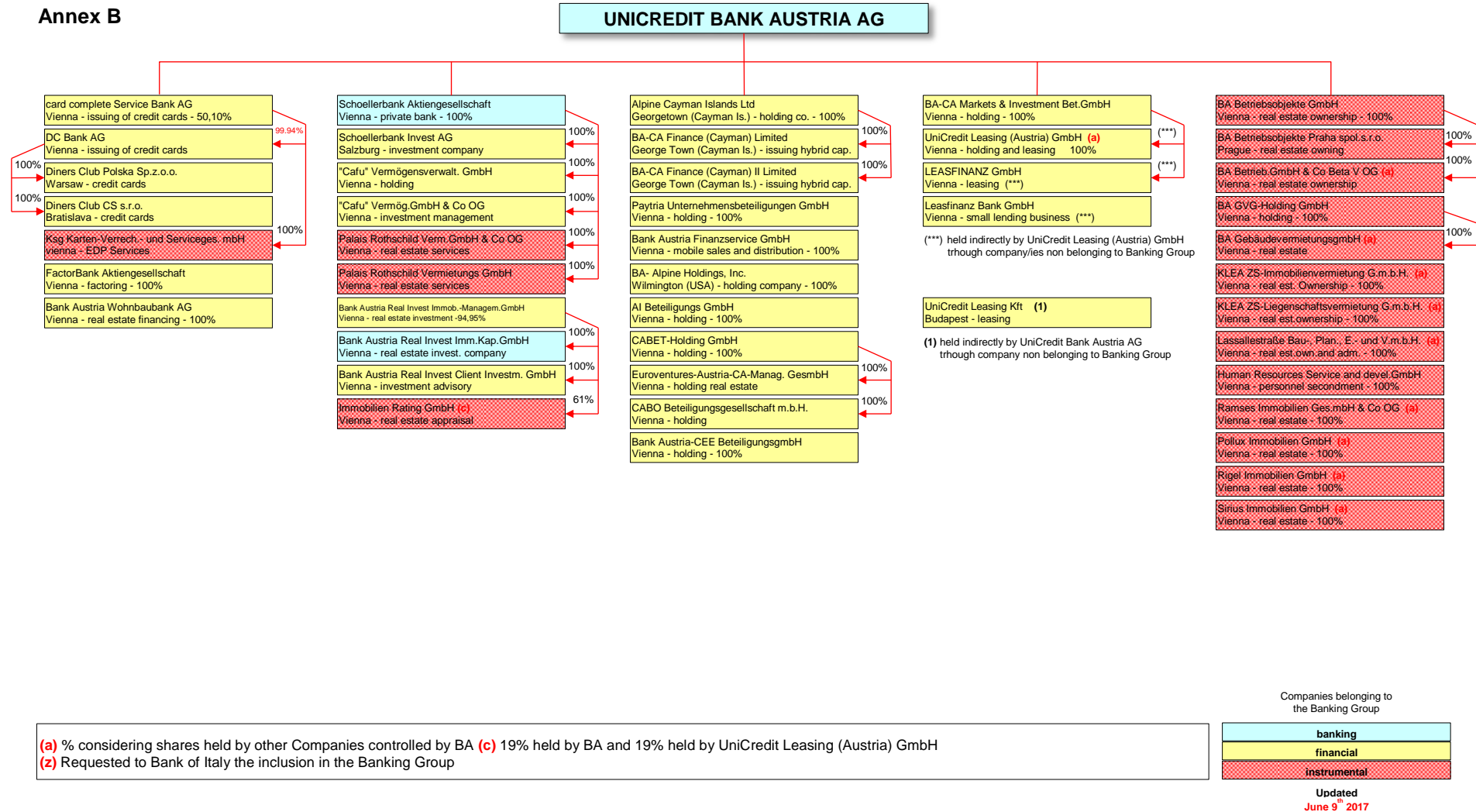


(b) Voting rights held by UCB AG (33,33%) and by BIL Leasing-Fonds Verwaltungs GmbH (33,33%) (c) 5,22% held by WealthCap Leasing GmbH (aa) under liquidation process
(z) Requested to Bank of Italy the inclusion in the Banking Group

Companies belonging to the Banking Group

banking
financial
instrumental

Updated
June 9th 2017



STRATEGY OF THE GROUP

As the parent company of the Group, pursuant to the provisions of Article 61 of the Italian Banking Act and in compliance with local law and regulations, UniCredit undertakes management and coordination activities in respect of the Group to ensure the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability.

UniCredit engages in the following main strategic functions:

- managing the Group's business expansion by developing appropriate domestic and international business strategies and overseeing acquisitions, divestitures and restructuring initiatives;
- defining objectives and targets for each area of the business and monitoring performance against these benchmarks;
- defining the policies and standards relating to the Group's operations, particularly in the areas of credit management, human resources management, risk management, accounting, planning, legal and compliance, and auditing;
- managing relations with financial intermediaries, the general public and investors;
- managing selected operating activities directly or through specialised subsidiaries in order to achieve economies of scale, including asset and liability management, funding and treasury activities and the Group's foreign branches; and
- directly managing business operations in Italy from 1 November 2010, following absorption of the Group's Italian banks³⁹ pursuant to the "One for Clients Programme".

Furthermore, UniCredit intends to create value by pursuing the following principal strategic initiatives at the Group level, included in the Strategic Plan 2018:

1. Acceleration of cost-cutting measures in staff and other administrative expenses as well as streamlining corporate centres, aimed at staff cuts of circa 18,200 FTEs by 2018;
2. Exit or restructuring of poorly performing businesses such as retail banking in Austria and leasing in Italy, on top of the ongoing rundown of the "Non Core Division";
3. Strong focus on the new digital agenda, underpinned by €1.2 billion in investments over the 2016-18 horizon, which will accelerate the Group's retail and corporate multi-channel transformation and create further discontinuity from traditional banking;
4. Becoming a simpler and more integrated Group, with the elimination of the Austrian sub-holding with direct shareholding control of CEE subsidiaries by UniCredit Holding (while preserving CEE Division know-how) by the end of 2016, strengthening central governing functions and focusing on commercial synergies between global platforms (CIB) and the Commercial Banks networks; and
5. Leverage on growth businesses in CEE Region, Asset Management and Asset Gathering, increasing capital allocation towards CEE whilst increasing and rebalancing the revenue stream towards capital-light businesses.

³⁹ UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank, UniCredit Bancassurance Management & Administration.

BUSINESS AREAS⁴⁰

Brief descriptions of the business segments through which the UniCredit Group operates are provided below.

Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit's commercial network related to Core clients (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division), Leasing (excluding Non-Core clients), Factoring and local Corporate Center with supporting functions for the Italian business.

In relation to individual clients (Households and clients of specialized network Private Banking), Commercial Banking Italy's goal is to offer a full range of products and services to fulfil transactional, investments and credit needs, relying on about 3350 branches and multichannel services provided by new technologies.

In relation to corporate customers, Commercial Banking Italy operates trying to guarantee both the support to the economic and entrepreneurial system and the profitability and quality of its portfolio. The current Corporate channel is organized on the territory with about 734 Managers divided in 131 Corporate Centers.

The territorial organization promotes a bank closer to its customers and faster decision-making processes, while the belonging to the UniCredit Group allows to support companies in developing international attitudes.

Commercial Banking Germany

Commercial Banking Germany provides all German customers (excluding Large Corporate and Multinational clients, supported by the Corporate and Investment Banking Division) with a complete range of banking products and services through a network of around 579 branch offices.

Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).

Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, small business and corporate customers, commercial real estate customers, and Wealth Management customers. In detail the corporates segment employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany. The private clients segment serves retail customers and private banking customers with banking and insurance solutions across all areas of demand. The specific, all-round advisory offering reflects the individual and differentiated needs of these customer groups in terms of relationship model and product offering.

The Segment also includes the local Corporate Center, which performs tasks as sub-holding towards other sub-group legal entities.

Commercial Banking Austria

Commercial Banking Austria provides all Austrian customers (excluding Large Corporate and Multinational clients, supported by the Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of: Retail, Corporate (excluding CIB clients), Private Banking (with its two well-known brands Bank Austria Private Banking and Schoellerbank AG), the product factories Factoring and Leasing and the local Corporate Center Retail covers business with private individuals, ranging from mass-market to affluent customers. Corporates cover the entire range of business customers, SMEs and medium-sized and large companies which do not access capital markets (including Real Estate and Public Sector).

A broad coverage of the Retail and Corporate business lines is ensured through a network of about 160 branches.

⁴⁰ The following description of Business Areas is in line with the Segment Reporting of the Consolidated Group Results as of 31 December 2016.

The goal of Commercial banking Austria is to strengthen regional responsibility, to increase synergies, effectiveness and to improve time-to-market; therefore customer service teams can now adjust more quickly to local market changes.

Commercial Banking Austria holds significant market shares and occupies a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.

In response to changing customer needs and behaviours, Commercial Banking Austria has launched “Smart Banking Solutions”, an integrated new service model, allowing clients to decide when, where and how they can contact UniCredit Bank Austria. This approach combines classic branches, new formats of advisory service centres and modern self-service branches with internet solutions, Mobile Banking with innovative apps and video-telephony.

Corporate & Investment Banking (CIB)

The CIB Division targets Large Corporate and Multinational clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit Group. CIB serves UniCredit Group’s clients across 35 countries with a wide range of specialized products and services, combining geographical proximity with a high expertise in all the segments in which it is active.

The organizational structure of CIB is based on a matrix that integrates (i) market coverage (carried out through an extensive network in Western, Central and Eastern Europe and an international network of branches and representative offices) and (ii) product offering (divided into three Product Lines that consolidate the breadth of the Group’s CIB know-how).

The dedicated country-specific commercial networks (CIB Network Italy, CIB Network Germany, CIB Network Austria, CIB Network France, International Network) are responsible for the relationships with corporate clients, banks and financial institutions as well as the sale of a broad range of financial products and services, ranging from traditional lending and merchant banking operations to more sophisticated services with high added value, such as project finance, acquisition finance and other investment banking services and operations in international financial markets.

The three following Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products:

- **Financing and Advisory (F&A)** – F&A is the expertise center for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a wide variety of products and services ranging from plain vanilla and standardized products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leverage Buy-Out, Project and Commodity Finance, Real Estate Finance, Structured Trade and Export Finance.
- **Markets** – Markets is the centre specialized for all financial markets activities and serves as the Group’s access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralized “product line”, it is responsible for the coordination of financial markets-related activities, including the structuring of products such as FX, Rates, Equities and credit related activities.
- **Global Transaction Banking (GTB)** – GTB is the centre for Cash Management and e-banking products, Supply Chain Finance and Trade Finance products and global securities services.

In the light of a more integrated client offering, Joint Venture between Commercial Banking and CIB division have been set up in Italy and Germany, with the objective to increase cross selling of Investment Banking products such as M&A, Capital Markets and Derivatives to Commercial Banking clients.

Central and Eastern Europe (CEE)

The Group operates, through the CEE business segment, in 12 Central and Eastern Europe countries: Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia,

Slovakia, Slovenia and Turkey; having, in addition, Leasing activities in the three Baltic countries. The CEE business segment operates through approximately 2000 branches (including more than 1,000 branches of the Turkish subsidiaries which are consolidated at equity) and offers a wide range of products and services to retail, corporate and institutional clients in these countries. UniCredit Group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German, Austrian and Polish customers.

With respect to corporate clients, UniCredit Group is constantly engaged in standardising the customer segments and range of products. The Group shares its business models on an international level in order to ensure access to its network in any country where the Group is present. This approach is vital due to the variety of global products offered, particularly cash management and trade finance solutions, to corporate customers operating in more than one CEE country.

Asset Gathering

Asset Gathering is a business segment specialized in wealth management through the direct channel and the financial advisors network, mainly focused on the retail customer segment.

Asset Gathering operates through Fineco Bank, UniCredit Group's direct multichannel bank. It has one of the largest advisory networks in Italy and is the number one broker in Italy for equity trades in terms of volume of orders and the number one broker in Europe for the number of executed orders. Fineco Bank offers an integrated business model combining direct banking and financial advice, with a full range of banking, credit, trading and investment services which are also available through mobile applications.

Group Corporate Center

The Group Corporate Center includes:

Group Corporate Center

The Group Corporate Center's objective is to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence. In this framework, an important objective is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines.

According to actions included in the Strategic Plan 2016-2019 approved on 12 December 2016 – in particular with regards to the sale of Bank Pekao and the sale of almost all of the assets of PGAM whose assets at 30 September 2016, were part of the "Poland" and the "Asset Management" business segments, respectively – and in accordance with IFRS 5, Group Corporate Center includes, until these transactions will be completed, results previously referring to Poland and Asset Management segments, presented in the "Net profit (loss) of discontinued operations" P&L item.

Non-Core

Starting from the first quarter 2014, the Group decided to introduce a clear distinction between activities defined as the "core" segment, meaning strategic business segments and in line with risk strategies, above described, and activities defined as "non-core" segment, including non-strategic assets and those with a poor fit to the Group's risk-adjusted return framework, with the aim of reducing the overall exposure of this latter segment in the course of time and to improve the risk profile. Specifically, the "non-core" segment includes selected assets of Commercial Banking Italy (identified on a single client basis) to be managed with a risk mitigation approach and some special vehicles for securitisation operations.

LEGAL AND ARBITRATION PROCEEDINGS AND PROCEEDINGS CONNECTED TO ACTIONS OF THE SUPERVISORY AUTHORITIES

Legal and arbitration proceedings

UniCredit and other UniCredit Group companies are defendants in numerous legal proceedings. In particular, as at 31 December 2016, UniCredit and other UniCredit Group companies were defendants in about 24,000 legal proceedings (excluding labour law, tax cases and credit recovery actions under the scope of which counterclaims

were submitted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the UniCredit Group may not lawfully know about or communicate.

The Group is also required to deal appropriately with various legal and regulatory requirements in relation to issues such as conflicts of interest, ethical issues, anti-money laundering laws, 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, and in certain instances has led, to additional litigation and investigations and subjects the Group to damages claims, regulatory fines, other penalties and/or reputational damage. In addition, one or more Group companies and/or their current and/or former directors is subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which it operates. These include investigations relating to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients. Given the nature of the Group's business and the reorganization of the Group over time, there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings brought by the relevant supervisory or prosecution authority, and claims in which the petitioner has not specifically quantified the penalties requested (for example, in lawsuits in the United States). In such cases, given the impossibility of predicting possible outcomes and estimating losses (if any) in a reliable manner, no provisions have been made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with IAS.

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law, tax cases and credit recovery actions), the UniCredit Group has set aside a provision for risks and charges of €1.382 million as at 31 December 2016. The total amount claimed as at 31 December 2016, with reference to legal proceedings excluding labour law, tax cases and credit recovery actions, was €11.529 million. That figure reflects the inconsistent nature of the pending disputes and the large number of different jurisdictions, as well as the circumstances in which the UniCredit Group is involved in counterclaims. The estimate for reasonably possible liabilities and this provision are based upon currently available information but, given the numerous uncertainties inherent in legal proceedings, involve significant elements of judgement. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions.

Set out below is a summary of information relating to matters involving the UniCredit Group which are not considered groundless or in the ordinary course.

This section also describes pending proceedings against UniCredit and/or other companies of the UniCredit Group and/or employees (even former employees) that UniCredit considers relevant and which, at present, are not characterised by a defined claim or for which the respective claim cannot be quantified.

Unless expressly mentioned below, labour law, tax and credit recovery claims are excluded from this section and are described elsewhere in the Base Prospectus. In accordance with IAS 37 information which would seriously prejudice the relevant company's position in the dispute may be omitted.

It should be noted, finally, that as at the date of the Base Prospectus the nature and the total amount of counterclaims formulated in the context of proceedings for credit recovery initiated by UniCredit and/or by the other companies of the Group is not significant.

Madoff

Background

UniCredit and various of its direct and indirect subsidiaries have been sued or investigated in the wake of a Ponzi scheme perpetrated by Bernard L. Madoff (**Madoff**) through his company Bernard L. Madoff Investment Securities LLC (**BLMIS**), which was exposed in December 2008. Madoff or BLMIS and the UniCredit's group of companies were principally connected as follows:

- The Alternative Investments division of Pioneer (**PAI**), an indirect subsidiary of UniCredit, was investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation) (**Primeo**)) and other non-U.S. funds-of-funds that had invested in other non-U.S. funds with accounts at BLMIS.
- Before PAI's involvement with Primeo, BA Worldwide Fund Management Ltd (**BAWFM**), an indirect subsidiary of UniCredit Bank Austria AG (**BA**), had been Primeo's investment adviser. BAWFM also performed for some time investment advisory functions for Thema International Fund plc (**Thema**), a non-U.S. fund that had an account at BLMIS.
- Some BA customers purchased shares in Primeo funds that were held in their accounts at BA.
- BA owned a 25 per cent. stake in Bank Medici AG (**Bank Medici**), a defendant in certain proceedings described below.
- BA acted in Austria as the "prospectus controller" under Austrian law in respect of Primeo and the Herald Fund SPC (**Herald**), a non-U.S. fund that had an account at BLMIS.
- UniCredit Bank AG (then Hypo- und Vereinsbank AG (**HVB**)) issued notes whose return was to be calculated by reference to the performance of a synthetic hypothetical investment in Primeo.

Proceedings in the United States

Claims by the SIPA Trustee

In December 2010, the bankruptcy administrator (the **SIPA Trustee**) for the liquidation of BLMIS filed, as one of a number of cases, a case in a U.S. Federal Court against approximately sixty defendants, including HSBC, UniCredit and certain of its affiliates (*i.e.* PAI, PGAM, UCB Austria, BAWFM and Bank Austria Cayman Islands Ltd) (the **HSBC case**).

In the HSBC case the SIPA Trustee had made requests for a total of more than USD 6 billion (to be quantified subsequently in the course of proceedings) against all 60 defendants, for common law claims and avoidance claims (also called "claw-back" claims). No further separate proceedings were initiated in respect of the UniCredit Group.

All claims with respect to UniCredit and of other companies of the UniCredit Group, both relating to common law claims and those related to revocatory actions, were rejected without any possibility of appeal, with the exception of (i) UCB Austria, with respect to which the SIPA Trustee on 21 July 2015 has voluntarily renounced, with possibility to appeal, the claw-back actions against UCB Austria; and (ii) BAWFM, where, on 22 November 2016, the bankruptcy court has issued a judgement rejecting the claw-back actions brought against BAWFM. On 9 March 2017, the SIPA Trustee stipulated to 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 damages is non-material and, therefore, there are no specific risk profiles for UniCredit Group. Certain current or formerly affiliated persons named as defendants in the HSBC case may have rights to indemnification from UniCredit and its affiliated entities. Furthermore, at the date of this Base Prospectus, to the knowledge of UniCredit, there are no further processes promoted by parties other than the SIPA Trustee in relation to this matter.

Claims by SPV OSUS Ltd.

UniCredit and certain of its affiliates – BA, BAWFM, PAI – have been named as defendants, together with approximately 40 other defendants, in a lawsuit filed in the Supreme Court of the State of New York, County of New York, on 12 December 2014, by SPV OSUS Ltd. The complaint asserts common law based claims, only of a compensatory nature, against all defendants of aiding and/or abetting breach of fiduciary duty, aiding and abetting fraud, aiding and abetting conversion and knowing participation in a breach of trust in connection with the Madoff Ponzi Scheme. The case is brought on behalf of investors in BLMIS and claims damages in an unspecified amount. The action filed by SPV OSUS Ltd. is in the initial stages. Bank Austria has been served with the action, but no substantive proceedings have yet been commenced.

Proceedings Outside the United States

Some investors in Primeo and Herald Madoff have brought numerous civil proceedings in Austria. As at 31 December 2016, 65 civil proceedings remain pending, with an *overall petitum* of €21.7 million plus interest. The claims in these proceedings are either that Bank Austria breached certain duties regarding its function as prospectus controller, or that Bank Austria improperly advised certain investors (directly or indirectly, to invest in funds in Madoff-related investments or a combination of these claims). The Austrian Supreme Court issued 18 final decisions with respect to prospectus liability claims asserted in the legal proceedings. With respect to claims related to the Primeo funds, nine final Austrian Supreme Court decisions have been in favour of UCB Austria. In two cases the Supreme Court did not accept UCB Austria's extraordinary appeal, thus rendering binding the decision of the Court of Appeal in favour of the claimant.

With respect to the Herald fund, the Austrian Supreme Court ruled five times with respect to prospectus liability, twice in favour of UCB Austria and three times in favour of the claimant.

In a prospectus liability case with Primeo and Herald investments, the Austrian Supreme Court ruled in favour of UCB Austria; in one further prospectus liability case with Primeo and Herald investments, the Supreme Court did not accept the claimant's extraordinary appeal, thus rendering binding the decision of the Court of Appeal in favour of Bank Austria. While the impact of the aforesaid decisions of the Austrian Supreme Court on the remaining pending Herald cases at the date of this Base Prospectus cannot be predicted with certainty, future rulings may be adverse to UCB Austria.

In respect of the Austrian civil proceedings pending as against UCB Austria related to the Madoff matter, UCB Austria has made provisions for an amount considered appropriate to the current risk.

UCB Austria has been named as a defendant in criminal proceedings in Austria that concern the Madoff case on allegations that UCB Austria breached provisions of the Austrian Investment Fund Act as prospectus controller of the Primeo fund. The criminal proceedings are still at the pre-trial stage. At the date of this Base Prospectus, investigations relating to these proceedings are in progress and the Austrian public prosecutor has not formulated official criminal charges against UCB Austria, therefore it is not possible to evaluate what any sanctions against UCB Austria might be as well as any joint liability.

A criminal tax investigation in view of business relating to the Primeo fund investments has also been conducted and in April 2015 the tax authorities confirmed after several investigations that all taxes had been paid correctly. In September 2016, the tax matters were finally dismissed by the office of the prosecutor, Vienna.

Certain Potential Consequences

In addition to the foregoing proceedings and investigations stemming from the Madoff case against UniCredit, its subsidiaries and some of their respective employees and former employees, subject to any applicable limitations on the time by when proceedings must be brought, additional Madoff-related proceedings may be filed in the future in the United States, Austria or elsewhere. Such potential future proceedings could be filed against UniCredit, its subsidiaries, their respective employees or former employees or entities with which UniCredit is affiliated or may have investments in. The pending or possible future proceedings may have negative consequences for the UniCredit Group.

Save as described above, as at the date of this 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 IAS, no provisions have been made for specific risks associated with Madoff-related claims and charges.

Alpine Holding GmbH

Alpine Holding GmbH (a limited liability company) undertook a bond offering in every year from 2010 to 2012. In 2010 and 2011, UniCredit Bank Austria AG acted as Joint Lead Manager, together with another bank in connection with such bond offerings. In June/July 2013, Alpine Holding GmbH and Alpine Bau GmbH became insolvent and insolvency proceedings began. Numerous bondholders then started to send letters to the banks involved in issuing the bonds, setting out their claims.

Insofar as UniCredit Bank Austria AG is concerned, bondholders based their claims primarily on prospectus liability of the Joint Lead Managers; only in a minority of cases did they also claim mis-selling due to bad investment advice by the banks which sold the bonds to their customers. At the date of this Base Prospectus, UniCredit Bank Austria AG, among other banks, has been named as defendant in civil proceedings initiated by investors including three class actions filed by the Federal Chamber of Labour (with the claimed amount totalling about €20.5 million). The main claim is prospectus liability. These civil proceedings are mainly pending in the first instance.

No negative judgments have been issued at the date of this Base Prospectus against UniCredit Bank Austria AG. In addition to the foregoing proceedings against UniCredit Bank Austria AG stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UniCredit Bank Austria AG. UniCredit Bank Austria AG. At the date of this Base Prospectus, it is not possible to estimate reliably the timing and results of the various actions, nor to determine the level of liability, if any.

Several involved persons have been named as defendants in criminal proceedings in Austria which concern the Alpine bankruptcy case. UniCredit Bank Austria AG has joined these proceedings as a private party. Unknown responsible persons of the issuing banks involved are formally also being investigated by a public prosecutor's office. The criminal proceedings are at the pre-trial stage.

Proceedings arising out of the purchase of UCB AG by UniCredit and the related group reorganization

Squeeze-out of UCB AG minority shareholders (Appraisal Proceeding)

In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich I to have a review of the price paid to them by UniCredit, equal to €38.26 per share, when they were squeezed out (**Appraisal Proceeding**). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the compensation to be paid to the former minority shareholders. UniCredit believes that the amount paid to the minority shareholders was adequate. At present the proceeding is pending in the first instance. The District Court of Munich has appointed experts for the valuation of UCB AG at the time of the *squeeze-out*, which is a customary step in such proceedings. The court-appointed experts are in the process of finalising their written expert opinions, which are expected to be submitted to the court between the end of the first and the beginning of the second quarter of 2017. At the date of this Base Prospectus, there are no indications as to the conclusions of the court-appointed experts. All parties will then have an opportunity to comment, and the court is likely to hold an oral hearing thereafter. It will then be upon the court of first instance to decide on the request of the minority shareholders based on the expert opinion and the legal issues that are relevant and material to the decision of the court. The decision of first instance will be subject to appeal. Thus, at this stage, it is not possible to estimate the duration of the proceeding, which might also last for a number of years and could result in UniCredit having to pay additional cash compensation to the former shareholders. No estimate on the amount in dispute can be made at the current stage of the proceeding.

Squeeze-out of Bank Austria's minority shareholders

In 2008, approximately 70 former minority shareholders in Bank Austria initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to €129.4 per share was inadequate, and asking the Court to review the adequacy of the amount paid (Appraisal Proceedings).

The Commercial Court of Vienna has referred the case to a panel, called the **Gremium**, to investigate the facts of the case in order to review the adequacy of the cash compensation. UniCredit, considering the nature of the valuation methods employed, believes that the amount paid to the minority shareholders was adequate.

In December 2011, the expert appointed by the Gremium rendered its expert opinion on the adequacy of the cash compensation already paid. In May 2013, a supplemental opinion was prepared. The results of such opinions are essentially positive for UniCredit. Due to several formal issues, the proceeding before the Gremium is still not finalised. The next oral hearing before the Gremium will take place in 2017. If no settlement is reached in such hearing, the Gremium will refer the case back to the Commercial Court of Vienna, which will have to deal with valuation as well as with legal issues.

At the date of this Base Prospectus the proceeding is pending in the first instance. Currently, it is not possible to examine and/or quantify the possible risk connected with the above-described Appraisal Proceeding.

Financial Sanctions matters

In the past years, violations of U.S. sanctions and certain U.S. dollar payments practices have resulted in certain financial institutions entering into settlements and paying substantial fines and penalties to various U.S. authorities, including the OFAC, the DOJ, the NYDA, the FED and the New York Department of Financial Services (DFS).

More specifically, in March 2011, UCB AG began conducting a voluntary investigation of its U.S. dollar payments practices and its historic compliance with applicable U.S. financial sanctions, in the course of which certain historic non-transparent practices have been identified. In addition UniCredit Bank Austria AG has independently initiated a voluntary investigation of its historical compliance with applicable U.S. financial sanctions and similarly has identified certain historic non-transparent practices. UniCredit is also in the process of conducting a voluntary review of its historic compliance with applicable U.S. financial sanctions. The scope, duration and outcome of each review or investigation will depend on facts specific to the individual case. Each of these entities is cooperating with the relevant U.S. authorities and remediation activities relating to policies and procedures have commenced and are ongoing at the date of this Base Prospectus. Each UniCredit Group entity subject to investigations is updating its regulators as appropriate.

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

These investigations and/or proceedings into certain Group companies could result in UniCredit and/or the Group being required to pay material fines and/or being the subject of criminal or civil penalties (which at the date of this Base Prospectus cannot be quantified).

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

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

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

The investigation costs, remediation required and/or payment or other legal liability incurred in connection with the proceedings could lead to liquidity outflows and could potentially negatively affect the Group's net assets and net results and those of one or more of its subsidiaries. Such an adverse outcome to one or more of the UniCredit Group companies subject to investigation could have a material adverse effect also from the reputational point of view and impact the business and the income statement, capital and/or financial position of the Group as well as its ability to comply with capital requirements.

Proceedings related to claims for Withholding Tax Credits

In 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits) at UCB AG. The findings of the Supervisory Board's investigation indicated that the bank sustained losses due to certain past acts/omissions of individuals.

The Supervisory Board has submitted a claim for compensation against three individual former members of the management board, not seeing reasons to take any action against the members in office at the date of this Base Prospectus. UniCredit, UCB AG's parent company, supports the decisions taken by the Supervisory Board. In addition, criminal investigations have been conducted against current or former employees of UCB AG by the Prosecutors in Frankfurt on the Main, Cologne and Munich with the aim of verifying alleged tax evasion

offences on their part. UCB AG cooperated with the aforesaid Prosecutors who investigated offences that include possible tax evasion in connection with cum-ex transactions both for UCB AG's own book as well as for a former customer of UCB AG. Proceedings in Cologne against UCB AG and its former employees were closed in November 2015 with, *inter alia*, the payment by UCB AG of a fine of €9.8 million. The investigations by the Frankfurt on the Main Prosecutor against UCB AG under section 30 of the Administrative Offences Act (the *Ordnungswidrigkeitengesetz*) were closed by the payment of a fine of €5 million. The investigation by the Munich Prosecutor against UCB AG was closed as well following the payment of a forfeiture of €5 million.

The Munich tax authorities are currently performing a regular tax field audit of UCB AG for the years 2009 to 2012 which, *inter alia*, includes review of other transactions in equities around the dividend record date. During these years UCB AG performed different types of securities trades like securities-lending. It remains to be clarified whether, and under what circumstances, tax credits can be applied or taxes refunded with regard to different types of transactions carried out close to the distribution of dividends. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in communication with relevant supervisory authorities and competent tax authorities regarding these matters. UCB AG has made provisions deemed appropriate.

Proceedings relating to certain forms of banking transactions

The UniCredit Group is defendant in several proceedings relating to matters connected to its own operations with clients that are not specific to the UniCredit Group but involve the financial sector as a whole.

In this regard, note (i) the dispute relating to the phenomenon of compound interest, typical of the Italian market, with regard to which as at 31 December 2016, the total amount claimed against UniCredit stood at €1,155 million, including mediation; (ii) the dispute linked to derivative products, relating mainly to the Italian market (with regard to which as at 31 December 2016, the total amount claimed against UniCredit stood at €859 million, including mediation) and the German market (with regard to which as at 31 December 2016, the total amount claimed against UCB AG stood at €135 million); as well as (iii) the dispute connected to the loans in foreign currency, mainly relating to CEE countries (with regard to which as at 31 March 2017, the total amount claimed stood at approximately €5.5 million).

The disputes relating to compounding of interest regards the request, made by the clients, for damages arisen from the alleged unlawfulness of the calculation methods of the amount of interest payable related to certain banking contracts. Starting from the first years of 2000, a progressive increase of actions brought by the account holders has occurred, due to the unwinding of the interest payable arisen from the quarterly compound interest. From the third quarter of 2016, the number of claims for refunds/compensation for compound interest decreased slightly compared with 2015. As at the date of this Base Prospectus, UniCredit has made provisions that UniCredit deems appropriate for the risks associated with these claims.

With regard to the litigation connected to derivative products, several financial institutions, including UniCredit Group companies, entered into a number of derivative contracts, both with institutional and noninstitutional investors. In Germany and Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to UniCredit and its Group companies. As at the date of this Base Prospectus, it is impossible to assess the full impact of such legal challenges on the Group.

With respect to proceedings relating to foreign currency loans, in the last decade, a significant number of customers in the CEE area took out loans and mortgages denominated in a foreign currency (**FX**). In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of UniCredit in a number of CEE countries including Croatia, Hungary, Poland, Romania, Slovenia and Serbia.

More specifically, in Croatia, Zagrebačka banka (**Zaba**) successfully defended a challenge brought by a consumer association against the validity of FX loans, with the Supreme Court finding in April 2015 that FX loans and the related currency clause were lawful. As the Court held that the variable interest rate clause was however in principle unfair, this has resulted in individual customers bringing lawsuits to challenge the validity of the interest charged.

Following the implementation of a new law in Croatia in September 2015 that purported to rewrite the terms of FX loan contracts, a number of these lawsuits were withdrawn as customers took advantage of the benefits of the new law. Zaba challenged the constitutionality of this legislation before the Croatian Constitutional Court, and on 4 April 2017, the Constitutional Court declined Zaba's request, thus confirming the constitutionality of the law and no further remedies are available under local laws.

However, in September 2016, UCB Austria and Zaba also initiated a claim against the Republic of Croatia under the agreement between the Government of the Republic of Austria and the Government of the Republic of Croatia for the promotion and protection of investments in order to recover the losses suffered as a result of amendments in 2015 to the Consumer Lending Act and Credit Institutions Act mandating the conversion of Swiss franc-linked loans into Euro-linked. In the interim, Zaba complied with the provisions of the new law and adjusted accordingly all the respective contracts where the customers so requested. In Hungary, there was comprehensive legislation in 2014 requiring the compulsory conversion of foreign currency-based retail home loans into forint-based ones, as well as on the compensation banks had to pay to clients, with which the bank complied. Some legacy litigation remains pending. As at the date of this Base Prospectus, it is not possible to reliably assess the ultimate impact of these developments, the timing of any final court decisions, how successful any litigation may ultimately be, or what financial impact it or any associated legislative or regulatory initiatives might ultimately have on the individual subsidiaries or the UniCredit Group.

Medienfonds/closed end funds

As at 31 December 2016, 180 proceedings are pending (out of an original total of 1,508 proceedings) with regard to “VIP Medienfonds 4 GmbH & Co. KG” cases with prospectus liability. The total amount claimed as at 31 December 2016 was €30 million. With regard to these proceedings, UCB AG has made provision deemed by it to be consistent to cover the risk of lawsuits for the year 2017.

With reference to these proceedings, it is specified that various UCB AG customers bought shares – which were not sold by UCB AG – in a fund known as VIP Medienfonds 4 GmbH & Co. KG (the **Medienfonds Fund**). UCB AG only granted loans to all private investors for a part of the amount invested in the Medienfonds Fund, and assumed specific payment obligations of certain film distributors with respect to the Medienfonds Fund.

Initially, the investors enjoyed certain tax benefits, which, however, were later revoked by the tax authorities. The Medienfonds Fund initiated a fiscal proceeding relating to the admissibility of its structure from the tax point of view for fiscal year 2004. As at the date of this Base Prospectus, no final decision has been rendered as to whether the tax benefits were rightfully revoked in the first place and the proceedings relating to the admissibility of the tax position of the Medienfonds Fund for the 2004 tax year are pending.

A general settlement has been reached with the vast majority of the investors. In parallel, a test case had been brought pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*) before the Higher Regional Court of Munich (and referred back to the Higher Regional Court of Munich by the German Federal Court of Justice) regarding the question of Hypo- und Vereinsbank AG's (as at the date of this Base Prospectus, UCB AG's) liability for the prospectus. Without prejudice to several uncertainties relating to the pre-trial stage (such as the assumption and the evaluation of the evidence by the Regional High Court of Munich within its jurisdiction) – in the opinion of UniCredit it is reasonable to predict that the UCB AG's prospectus liability will not be declared in the pending proceedings pursuant to the *Kapitalanleger-Musterverfahrensgesetz*. Specifically, with regard to the alleged violation of disclosure obligations relating to several items from the decisions of the Regional High Court of Munich, it is possible to believe that the overall possibility of success for the plaintiffs in the remaining pending proceedings is limited. In any event, from the time that the Medienfonds Fund liquidation process progressed significantly, these risks may not manifest themselves in an amount that is comparable to the original amount estimated for the proceedings. In the light of the out-of-court settlement reached with the majority of investors described above (which includes the waiver of any further claim), the final decision, which at the date of this Base Prospectus has not yet been made, will only have an impact on a few remaining pending cases.

Furthermore, as at the date of this Base Prospectus, UCB AG is defending lawsuits concerning other closed-end funds. The economic background of these lawsuits is often linked to a modified view of the tax authorities with regard to tax benefits originally envisaged, and these proceedings refer to alleged violations of individual obligations by UCB AG and prospectus liability. Specifically, with regard to a mutual fund investing in heating plants, 145 investors have proposed legal action against UCB AG on the basis of individual violations of the prospectus obligations and liabilities, for a total amount claimed of €12 million. In this regard note that,

following a test case proposed in accordance with the *Kapitalanleger-Musterverfahrensgesetz* before the Regional Court of Munich against UCB AGI, most of the proceedings were suspended. The hearings in this test case were conducted and will continue to take place for a significant period of time. The outcome of this test case will depend on the results of these hearings and, *inter alia*, on the opinion of several experts, and is difficult to predict. However, following the positive completion of the sale of several heating systems, the income generated by the above-mentioned fund and its anticipated liquidation, several negotiations have been launched with the aim of reaching a settlement agreement on the entire issue with favourable commercial terms. These negotiations have reached a promising stage and the majority of proceedings should be concluded in 2017. Following these negotiations, the maximum amount of this transaction is estimated at around €7 million and UCB AG has made suitable provision to hedge the risk for the case.

Vanderbilt related litigations

Claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds.

In August 2006, the New Mexico Educational Retirement Board (**ERB**) and the New Mexico State Investment Council (**SIC**), both U.S. state funds, invested \$90 million in Vanderbilt Financial, LLC (**VF**), a vehicle sponsored by Vanderbilt Capital Advisors, LLC (**VCA**). VCA is a subsidiary of Pioneer Investment Management USA Inc. and a company controlled indirectly by UniCredit. The purpose of VF was to invest in the equity tranche of various collateralized debt obligations (**CDOs**) managed primarily by VCA. The equity investments in VF, including those made by the ERB and SIC, became worthless. VF was later liquidated.

Beginning in 2009, several lawsuits were threatened or filed (some of which were later dismissed) on behalf of the State of New Mexico, in conjunction with negotiations between VCA and the State of New Mexico. These lawsuits include proceedings launched by a former employee of the State of New Mexico who claimed the right, pursuant to the law of the State of New Mexico, to act as a representative of the State for the losses suffered by the State of New Mexico with regard to investments managed by VCA. In these proceedings, in addition to VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit were also named as defendants, by virtue of their respective corporate affiliation with VCA as described above. In addition, two class actions were launched with regard to VCA on behalf of the public pension fund managed by ERB, and the State of New Mexico threatened to launch a case against VCA if its claim was not satisfied. These suits threatened or instigated relate to losses suffered by the ERB and/or SIC on their VF investments, with additional claims threatened in relation to further losses suffered by SIC on its earlier investments in other VCA-managed CDOs. The lawsuits threatened or instigated allege fraud and kickback practices. Damages claimed in the lawsuits filed by or on behalf of the State of New Mexico are computed based on multiples of the original investment, up to a total of \$365 million (equal to approximately €351 million⁴¹).

In 2012, VCA reached an agreement with the ERB, SIC and the State of New Mexico for an amount equal to \$24.25 million (equal to approximately €23.31 million⁴²) to settle all claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds. The amount of the settlement was deposited as a guarantee (escrow). The settlement is contingent on the Court's approval, but that process was temporarily delayed, and the original litigation was stayed, pending the determination by the New Mexico Supreme Court of a legal matter in a lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 VCA, the ERB, SIC, and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing on the matter in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA be dismissed. That order remains subject to issuance of a final judgment and to a possible appeal. If the judgment is entered and not appealed, the amount held in an escrow account will be paid to the State of New Mexico and VCA, Pioneer Investment Management USA Inc., PGAM and UniCredit will be released from any claim that has been or could be raised by or on behalf of the State of New Mexico or any of its agencies or funds.

Other litigation

Until April 2008, Standard Life Insurance Company of Indiana (**SLICOI**) was one of the asset management clients of VCA. A different manager then took over. In December 2008, SLICOI failed and was placed into

⁴¹ Euro/USD exchange rate equal to 1.0401 (ECB foreign exchange reference rate on 28 December 2016).

⁴² Euro/USD exchange rate equal to 1.0401 (ECB foreign exchange reference rate on 28 December 2016).

rehabilitation proceedings by the Indiana State Insurance Commissioner (**ISIC**). In 2010, ISIC filed a lawsuit in Indiana state court in the USA against the successor manager of SLICOI's portfolio, the directors of SLICOI's former parent company, and VCA, alleging against VCA and the successor manager claims for breach of contract, breach of fiduciary duty and violations of the Indiana State Securities Act. Against the directors, ISIC alleged breach of fiduciary duty. Although the alleged damage has not been quantified in the complaint, at year end 2015, ISIC quantified the claimed damage as between \$98-348 million (equal to €94 and €335 million respectively⁴³). The defendants deny all the claims. In January 2017, VCA reached an out-of-court settlement for all proceedings. All costs will be paid by the insurance. The parties fully performed the settlement agreement and all claims vis-à-vis VCA have been dismissed.

Divania S.r.l.

In the first half of 2007, Divania S.r.l. (now in bankruptcy) (**Divania**) filed a suit in the Court of Bari against UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now UniCredit S.p.A.) alleging violations of law and regulation in relation to certain rate and currency derivative transactions created between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.).

The petition requests that the contracts be declared non-existent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. pay the claimant a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement the parties reached in 2005 under which Divania had agreed to waive any claims in respect of the transactions.

UniCredit rejects Divania's demands. Without prejudice to its rejection of liability, it maintains that the amount claimed has been calculated by aggregating all the debits made (for an amount much larger than the actual amount), without taking into account the credits received that significantly reduce the claimant's demands. In 2010, the report of the Court-named expert witness submitted a report which broadly confirms UniCredit's position stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void).

The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate). On 16 January 2017, the Court issued a decision declaring it was not competent to decide on part of the plaintiff's claims and ordered us to pay, in favour of the Receiver of the Divania bankruptcy, an overall amount of approximately €7.6 million plus legal interests and part of the expenses. As at the date of this Base Prospectus, we have given mandate to our counsels for filing an appeal.

Another two lawsuits have also been filed by Divania: (i) one for €68.9 million (which was subsequently increased up to €80.5 million pursuant to Article 183 of the Code of Civil Procedure); and (ii) a second for €1.6 million.

As for the first case, in May 2016 the Court ordered UniCredit to pay approximately €12.6 million plus costs. UniCredit appealed against the decision and at the first hearing the case was adjourned to 22 June 2018.

In respect of the second case, on 26 November 2015, the Court of Bari rejected the original claim of Divania. The decision has become a final judgment.

UniCredit has made a provision for an amount it deems appropriate to cover the risk of the lawsuit.

Valauret S.A.

In 2004, Valauret S.A. and Hughes de Lasteyrie du Saillant filed a civil claim for losses resulting from the drop in the Rhodia S.A. share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors and others.

⁴³ Euro/USD exchange rate equal to 1.0401 (ECB foreign exchange reference rate on 28 December 2016).

BA (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that Creditanstalt was banker to one of the defendants. Valauret S.A. is seeking damages of €129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant is seeking damages of €4.39 million.

In 2006, before the action was extended to BA, the civil proceedings were stayed following the opening of criminal proceedings by the French State that are pending as at the date of this Base Prospectus. In December 2008, the civil proceedings were also stayed against BA.

In BA's opinion, the claim is groundless and, at the date of this Base Prospectus, no provisions have been made.

I Viaggi del Ventaglio Group (IVV)

In 2011, a lawsuit was filed with the Court of Milan against UniCredit by foreign companies IVV DE MEXICO S.A., TONLE S.A. and the bankruptcy trustee IVV INTERNATIONAL S.A. for approximately €68 million. In 2014 two further lawsuits were filed with the Court of Milan by the bankruptcy trustees of IVV Holding S.r.l. and by IVV S.p.A. for €48 million and €170 million, respectively.

The three lawsuits are related. The first and third relate to allegedly unlawful conduct in relation to loans. The second relates to disputed derivative transactions. As at the date of this Base Prospectus and according to the preliminary activity carried out, UniCredit's view is that the claims appear to be groundless. In particular (i) UniCredit won in first instance the first lawsuit (*petitum* equal to approximately €68 million) and in July 2016 and September 2016 the plaintiffs filed an appeal against the decision, and the next hearing is scheduled on 15 November 2017; (ii) as far as the second lawsuit is concerned (a claim amounting to approximately €48 million), relating mainly to disputed derivative transactions in 2015, the proceedings are at their final stage and the judge is expected to issue the decision; and (iii) lastly, with regard to the third lawsuit (a claim amounting to approximately €170 million), at the date of this Base Prospectus it is at the pre-trial stage and the requests formulated by the judge to the expert do not concern UniCredit. The next hearing for the cross-examination of the court-appointed expert witness was set for September 2017.

Lawsuit brought by "Paolo Bolici"

In May 2014, the company wholly owned by Paolo Bolici sued UniCredit in the Court of Rome seeking the return of approximately €12 million for compound interest (including alleged usury component) and €400 million for damages. The company then went bankrupt. The Court of Rome issued the decision on 16 May 2017 rejecting all the claims and ordering the bankruptcy procedure to reimburse UniCredit with the legal costs. UniCredit decided that no provisions were necessary.

Mazza Group

The lawsuit comes from criminal proceedings before the Court of Rome for illicit lending transactions of disloyal employees of the UniCredit in favour of certain clients for approximately €84 million. These unlawful credit transactions involve: (i) the unlawful supply of funding; (ii) the early use of unavailable large sums; (iii) the irregular opening of accounts which the employees, in increasingly important roles, facilitated in violation of the regulations and procedures of Banca di Roma S.p.A. (later UniCredit Banca di Roma S.p.A. and at the date of this Base Prospectus merged by incorporation into UniCredit).

The criminal proceedings relating to acts and events quantifiable as offences (fraud, continued misappropriation, forgery) committed in 2005 by representatives of a group of companies (the **Mazza Group**) with the collaboration of disloyal UniCredit employees came to an end in May 2013 with an unexpected exculpatory ruling (no case to answer). This ruling was appealed by the public prosecutor and by UniCredit.

At the date of this Base Prospectus two lawsuits are pending for compensation claims against UniCredit:

- the first, launched in June 2014 by the Mazza notary, convening UniCredit before the Court of Rome claiming compensation for damage allegedly suffered following the criminal complaint brought by the former Banca di Roma S.p.A. The plaintiff makes use of the exculpatory ruling in the criminal proceedings to claim a traumatic experience with repercussions on their health, marriage, social and professional life, with financial, moral, existential and personal injury damages of approximately €15 million. The proceedings are currently at the evidence collection phase; and

- the second, launched in March 2016 by Como S.r.l. and Camillo Colella, which brought UniCredit before the Court of Rome claiming damages of approximately €379 million. Similarly to the Mazza notary, the plaintiffs complain that the initiatives of the former Banca di Roma S.p.A., in the criminal and civil proceedings, caused financial, moral, existential and personal injury damages to Camillo Colella, as well as damages for the loss of important commercial opportunities, as well as image, reputational and commercial damage to Como S.r.l.. The judge reserved its decision on the request for evidence collection filed by the parties.

These lawsuits currently appear unfounded in UniCredit's opinion. UniCredit has made the provision it deems consistent to cover the risk resulting from unlawful credit transactions, which is essentially equal to the residual credit of UniCredit.

Di Mario Group

As at 31 December 2016, nine lawsuits are pending: one bankruptcy claw-back action pending in the first instance and other eight damage/ordinary revocatory claims for, in total, €157.1 million, where the plaintiffs alleged that UniCredit (together with other banks) facilitated debt restructuring agreements aimed at sterilising the risk of possible claw-back actions and obtaining privileges.

At the date of this Base Prospectus, three of these lawsuits are in the preliminary stage, with the first hearings set, respectively, for 10 July 2017, 3 October 2017 and 9 October 2017, three at the evidence collection phase, with hearings scheduled for 10 July 2017 and 10 October 2017. Three lawsuits have been decided: (i) one with decision issued in October 2016 rejecting all the claims, never appealed and thus become final; (ii) one decided with a not favourable decision served on 3 January 2017 appealed by UniCredit, which considers the reasoning of the decision to be objectionable under several aspects; and (iii) the last one decided on 17 January 2017, with judgment rejecting all plaintiff's claims, appealed by the Receiver. The first hearings in the appeal proceedings have been scheduled for 22 June 2017 and 4 October 2017.

As at the date of this Base Prospectus, UniCredit considers these damage/ordinary revocatory claims to be groundless. UniCredit has made a provision for an amount that it deems appropriate to handle the risk of action.

So.De.Co. - Nuova Compagnia di Partecipazioni S.p.A.

So.De.Co. S.r.l. (**So.De.Co.**), following to a restructuring transaction by which it acquired the "oil" business from the parent company Nuova Compagnia di Partecipazione S.p.A. (**NCP**), was sold to Ludoil Energy Srl in November 2014.

In March 2016, So.De.Co., then controlled by Ludoil, summoned before the Court of Rome its former directors, NCP, UniCredit (in its capacity as holding company of NCP) and the external auditors (PricewaterhouseCoopers S.p.A. and Deloitte & Touche S.p.A.) claiming damages of approximately €94 million against the defendants, on a several and joint liability basis allegedly deriving from the failure to quantify, since at least 2010, the statutory capital loss, from the insufficient provisions for charges and risks related to environmental issues, and from the unreasonably high price paid for the acquisition of the "oil" business units and subsidiaries from NCP in the context of the group reorganization.

UniCredit filed the statement of defence challenging the grounds of the claims. Further to the first hearing, held on 27 September 2016, the parties filed the defence briefs under Section 183 of the Italian Civil Procedure Code aimed at requesting evidence and discussing the merits of the case. The judge, on 9 May 2017, rejected all the requests for evidence collection and scheduled the hearing for filing the conclusions for 18 December 2017. According to UniCredit, the claim appears to be ungrounded.

Criminal proceedings

As at the date of this Base Prospectus, the UniCredit Group and its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far UniCredit is aware, are the subject of investigations by the competent authorities aimed at checking any liability profiles of its representatives with regard to various cases linked to banking transactions, including, specifically in Italy, investigations related to checking any liability profiles in relation to the offence pursuant to Article 644 (*usury*) of the Criminal Code.

As at the date of this Base Prospectus, these criminal proceedings have not had significant negative impacts on the operating results and capital and/or financial position of UniCredit; however there is the risk that if UniCredit and/or other UniCredit Group companies or their representatives (including those no longer in office) were to be convicted following the confirmed violation of provisions of criminal significance, this situation could have an impact on the reputation of UniCredit and/or the UniCredit Group.

For the sake of completeness, note that on 13 October 2016 and on 16 May 2017 UniCredit was notified by the public prosecutor at the Court of Tempio Pausania of two notices pursuant to Article 415-bis (*notice of the conclusion of the preliminary investigations*) of the Code of Civil Procedure as the party responsible for the administrative offence set out in Article 24-ter of Legislative Decree No. 231/2001 as a result of offences contested by the former representatives of Banca del Mezzogiorno – MedioCredito Centrale S.p.A. (MCC), later renamed Capitalia Merchant S.p.A., then UniCredit Merchant S.p.A. and, at the date of this Base Prospectus, merged by incorporation into UniCredit), as well as Sofipa SGR S.p.A. and Capitalia S.p.A. (at the date of this Base Prospectus merged by incorporation into the UniCredit).

The offences being investigated are those pursuant to Articles 5 and 11 of Legislative Decree 74/2000 (*offences involving income tax and VAT*), Article 416 of the Criminal Code (*conspiracy*) and Article 318 of the Criminal Code (*corruption of a public official*).

The main proceeding (RGNR 207/15) brings together three other separate ones (RGNR 608/16 – 375/15 and 2658/15), whereby UniCredit was only previously aware of 2658/15.

The offences being investigated with regard to the only former representative of Capitalia S.p.A. are those pursuant to Article 110 of the Criminal Code (*participation in the crime*) and Articles 5 and 11 of Legislative Decree No. 74/2000.

This concerns a complex case involving UniCredit as the successor of MCC, relating to equity investments owned by the above-mentioned MCC in the group for which Colony Sardegna S.à r.l. was the parent company. The directors of this company are charged with decisions concerning financial transactions which resulted in capital gains on behalf of third-party companies and to the detriment of the company managed, as well as failures to declare IRES income; the charges involving UniCredit refer to the years 2003/2011 (in May 2011 UniCredit Merchant S.p.A. actually sold its equity investment).

Labour-Related Litigation

UniCredit is involved in employment law disputes and, as at 31 December 2016, there were 514 pending disputes brought against it. In general, provisions have been made, judged by UniCredit to be adequate, for all employment law disputes to cover any potential disbursements and in any event UniCredit does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial position. Specifically, with reference to the risks relating to employment law involving counterclaims in progress at the date of this Prospectus against UniCredit, the total amount of the claims as at 31 December 2016 stood at €476 million and the related risk provision, at that date, stood at €19 million. Information about the main cases and the related claim as at 31 March 2017 are given below.

Lawsuits filed against UniCredit by members of the former Cassa di Risparmio di Roma Fund

These lawsuits, having been won in earlier proceedings by UniCredit, hang on appeal cases brought before the relevant courts of appeal and the Court of Cassation in which the main claim is a request that the funding levels of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. As at 31 December 2016, with reference to the main claim, the relief sought is estimated at €384 million. No provisions were made as these actions are considered to be unfounded.

Proceedings Related to Tax Matters

Proceedings before Italian Tax Authorities

As at the date of this Base Prospectus, there are tax proceedings pending in relation to UniCredit and other companies belonging to the UniCredit Group, Italian perimeter. As at 31 December 2016, there were 727 tax disputes for an overall amount equal to €485.2 million, net of disputes settled which are referred to below.

The main *out-of-court* settlements entered into during the year 2016 that were referred to in the Consolidated Financial Statements at 31 December 2016 are summarised below:

1. all disputes relating to Pioneer I.M. SGR (and to the Issuer as the consolidating entity) for the years 2008, 2009, 2010, 2011 and 2012 were settled out-of-court, without the application of administrative fines because the Financial Administration recognised the correct application of the framework governing the documentary requirements of transfer pricing. Specifically, for the purpose of an out-of-court settlement, Pioneer I.M. SGR paid in total, for the years shown, for IRES purposes, a total sum of €39.7 million, of which €32.9 million was for tax and €6.8 million in interest. The outcomes of negotiations are in line with the criteria adopted for the definitions related to previous years (2006 and 2007);
2. all disputes relating to the alleged non-deductibility of the amortisation of goodwill from the outcome of extraordinary transactions – completed in 2001 – which involved the company UniCredit Xelion Banca S.p.A. and, later, UniCredit and FinecoBank were defined. The above-mentioned disputes involve the years 2004 to 2011. The settlement involved the total outlay of €2.3 million by UniCredit, with reference to greater IRES, plus interest. In this case too the revenue agency did not impose administrative fines, having recognised that the bank acted in good faith and also completely annulled the findings relating to IRAP;
3. the lawsuits instigated by FinecoBank (and also relating to UniCredit as the consolidating entity), involving the alleged non-deductible costs incurred with regard to the activities of financial advisors for the years 2009, 2010 and 2011, were settled. With regard to a request for €2 million (with reference to IRES), the company settled the dispute by paying the total sum of €0.6 million (in tax, fines and interest);
4. the notice of assessment regarding UniCredit Factoring for IRES for the tax year 2010 for the total amount of €6.3 million (in tax, fines and interest) was settled out-of-court through the payment of €3.9 million;
5. the notice of assessment for registration tax for 2013 for UniCredit and UniCredit Business Integrated Solutions S.C.p.A. for claims involving the alleged greater taxable value following a sales transaction of the business segment, for a total of €0.8 million (in tax, fines and interest): the dispute was settled out-of-court. The total sums paid come to €0.4 million;
6. the dispute involving UCB AG – Italian branch for 2007 IRES, which emerged following claims involving the endowment fund and receivables for taxes paid abroad, was settled by the payment of €2.1 million, following an original request for €23.6 million; and
7. the assessment concerning UniCredit S.p.A. and relating to the higher mortgage tax for the year 2013, in which it is contested the declared value of a building acquired in the year 2013, for a total amount of €0.2 million for taxes and interests, was settled out-of-court with the payment of €0.05 million in total.

Under the scope of pending lawsuits, note that as at the date of this Base Prospectus there are disputes relating to notices of assessment prior to 2015 and, at the moment, they are pending. These disputes mainly involve registration tax due for the rulings that settled a number of opposition proceedings regarding the liability status of the companies of the Costanzo Group, as well as substitute tax on medium- and long-term loans.

With reference to the disputes regarding the Costanzo Group litigations, in the first quarter of 2016 the company was served with a further notice of assessment for registration tax of €6.3 million relating to tax only. Therefore, as at 31 December 2016, the total value of assessments with regard to this matter, which as at 31 December 2015 came to €23.3 million, stood at €29.6 million.

This notice was also promptly appealed against at the competent Provincial Tax Commission. The notices of assessment notified in February 2015 were all settled in the first instance. At the end of the first instance proceedings, the total amount cancelled, albeit not definitively, totalled €15 million. Disputes are currently pending for all notices; specifically, for the latest notice, the appeal is pending in the first instance and for all the others, the rulings are pending at the appeal stage.

Still with regard to the disputes referred to above, in 2016 a payment order was issued for €7 million concerning the entry into the taxpayer's list, plus interest and fines, of part of the sums due following the first instance rulings indicated in the previous paragraph. An appeal was also filed against this payment order at the competent Provincial Tax Commission. On 13 December 2016 a ruling was issued that cancelled the payment order only with regard to interest and penalties for a total value of €1.9 million.

With regard to the disputes involving substitute tax on the loans for the years 2010 and 2011, the disputes still pending are all lodged at the Rome Provincial Tax Commission. In addition to the appeals, a request has been submitted for administrative cancellation of the offices. As at 31 December 2016, the total value of cancelled notices is equal to approximately €15 million.

In 2015 the *Guardia di Finanza* (the **Italian Tax Police**) continued its investigation into withholdings with regard to interest paid in relation to debt financial instruments issued to strengthen capital, for the tax periods from 2011 to 2014. The investigation was concluded on 6 April 2016 with the notification of the formal audit report through which the alleged omitted withholdings for a total of €11.9 million were contested. The Company made provisions by setting aside a sum equal to the higher tax challenged (€11.9 million). In August 2016, UniCredit settled the dispute relating to 2011 by paying €6.8 million, of which €5.8 million referred to tax and €1 million to interest. In March 2017 UniCredit settled the disputes for the years 2012, 2013, 2014, by paying a total amount of €6.6 million (€5.9 million for taxes, €0.7 million for interest). For all such disputes (2011 to 2014) no administrative penalties were applied as the good faith of the taxpayer was expressly recognised.

Also note that the following tax inspections with regard to Italian legal entities were concluded in the course of the year 2016:

1. UniCredit Business Integrated Solutions S.C.p.A. has been interested by an assessment for IRES and IRAP purposes relating to years 2011 and 2012, at the end of which on 21 July 2016 a tax audit report was served. The total amount of the contested taxes is €11.8 million. As at 31 December 2016, an assessment notice relating to IRES and IRAP for the year 2011 was served, which confirmed the findings relating to 2011 (for a total of €5.2 million relating to higher taxes and interests for €0.9 million) and penalties were imposed amounting to €4.1 million. At the date of this Base Prospectus, the deadline for tax assessment notifications relating to the 2012 financial year has not yet expired. The company has decided to apply for a tax settlement proposal (so called "*accertamento con adesione*") with respect to the 2011 tax assessment;
2. UniCredit Leasing S.p.A. has been interested by a tax assessment for IRES, IRAP and VAT purposes relating to years 2011 and 2012 ended on 29 September 2016 with the notification of a tax audit report. As at 31 December 2016, an assessment notice exclusively relating to 2011 for IRAP and VAT purposes was served. The amounts established are equal to €21.2 million of which €7.3 million was for VAT and IRAP taxes, €12.5 million for penalties and €1.4 million for interests. At the date of this Base Prospectus, the deadline for tax assessment notifications relating to the 2012 financial year has not yet expired. The company has filed an appeal with respect to the 2011 tax assessment; and
3. On 10 October 2016, UCB AG - a permanent establishment in Italy, was served with a tax audit report which contests €0.2 million of withholdings on capital income which were allegedly omitted. Subsequently, the Tax Authorities have cancelled such assessment.

The Revenue Agency has also implemented monitoring activities for IRES, IRAP and VAT purposes, pursuant to Decree-Law No. 185 of 29 November 2008 (**monitoring system**) with regard to UniCredit and other UniCredit Group companies forming part of the Italy perimeter, launched, respectively, during the financial years ended on 31 December 2014 and 31 December 2015 as well as during the financial year ended on 31

December 2016. No claim or challenge has yet been formalised with regard to these activities. The monitoring system is addressed to large tax payers and is based on specific risk analysis that allows to diversify the level of control; said activities mainly consist of requests for data and information relating to the annual tax returns submitted in the previous year.

Proceedings connected with Supervisory Authority Measures

The UniCredit Group is subject to complex regulation and supervision by, *inter alia*, the Bank of Italy, CONSOB, the EBA, the ECB within the European System of Central Banks (ESCB), as well as other local supervisory authorities. In this context, the UniCredit Group is subject to normal supervision by the competent authorities. Some supervisory actions have resulted in investigations and charges of alleged irregularities that are in progress as at the date of this 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

On 23 May 2016, CONSOB also began an inspection (pursuant to Article 115, paragraph 2 of the Financial Services Act) with regard to UniCredit for the purpose of acquiring documentary evidence and information relating to (i) the exercising, with regard to Feidos 11 S.r.l., of the purchase option set out in the shareholders' agreement signed on 31 July 2013 (the Fenice Agreement); (ii) the Centauro Transaction, the extraordinary transaction and the part played by UniCredit and the other parties involved in the above-mentioned transaction under the scope of the share capital increase approved by the Board of Directors of Prelios S.p.A. on 12 January 2016; and (iii) relations with regard to the Centauro Transaction with shareholders of the Fenice shareholders' agreement of Prelios S.p.A. signed on 26 February 2016. This audit was completed in the month of November 2016 and at the date of this Base Prospectus UniCredit has not yet received further documents or notices referred to the same audit. At the date of this Base Prospectus, as far as UniCredit is aware, no inspections by CONSOB are ongoing with regard to subsidiaries of UniCredit and CONSOB has not launched proceedings with regard to subsidiaries of UniCredit in the financial years ended, respectively, 31 December 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

From 2011 until the date of this Base Prospectus, Bank of Italy, under the scope of the above-mentioned supervisory activities, carried out investigations and verification/validation of internal models (Counterparty Credit Risk, VaR, IRC and SVaR, AMA Model). The inspections involved the following areas: governance, management and control of credit risk with special reference to small and medium-sized enterprises (including the aspects related to transparency, usury and money laundering); transparency and fairness in customer relationships; governance, management and control of liquidity risk and interest rate risk at consolidated level with a similar parallel initiative of the BaFin; adequacy of the Group's information and back office systems, and related follow-up (in conjunction with BaFin and the German Central Bank (**Bundesbank**)); management and coordination in the Finance division (CIB Markets); adequacy of the value adjustments for non-performing, doubtful and restructured loans; verification of the Group's accounting and administrative processes with special reference to information flows for the production of the consolidated financial statements; remuneration and incentive policies and practices; compliance with regulations for combating money laundering (with special reference to the obligations of adequate checks on customers in the business sector); the functionality of the organisational structure for the management of claims in the Italian component of the Group.

As at the date of this Base Prospectus, all above-mentioned inspections were concluded and the action plans for each area are essentially in line with the defined deadlines. They are monitored by the top management and control functions of the company, and periodically brought to the attention of the supervisory authority. In more detail:

- the action plans for inspections relating to the following have been implemented in full: (i) adequacy of Group information and back office systems, and related follow-up; (ii) compliance with regulations for fighting money laundering (with special reference to the obligations of adequate customer checks in the companies sector); (iii) adequacy of value adjustments to non-performing, doubtful and restructured loans; (iv) remuneration and incentive policies and practices; and (v) functionality of the organizational structure for the management of claims in the Italian component of the Group; and
- the action plans relating to the inspections are in the process of being completed: (i) governance, management and control of liquidity risk and interest rate risk at consolidated level; (ii) management

and coordination in the CIB Markets Finance division; and (iii) verification of group accounting and administrative processes with special regard to information flows for the production of the consolidated financial statements.

With regard to the investigations conducted: (i) in 2011, into the subjects of governance, management and control of credit risk with special reference to small and medium-sized enterprises (including aspects relating to transparency, usury and anti-money laundering); (ii) in 2012, on the matter of transparency and correctness in relations with customers, the Bank of Italy discovered irregularities with regard to which, pursuant to Article 144 of the Italian Banking Act, monetary administrative fines were imposed on several company representatives⁴⁴.

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.

In 2012, a general and ordinary inspection was also conducted at the subsidiary FinecoBank, which concluded without imposing any sanctions. The findings, of an exclusively formal nature, were all dealt with at the date of this Base Prospectus.

In addition, in 2014, the UniCredit Group was subject to the “Comprehensive Assessment” carried out by the ECB and the national supervisory authorities relating to the SSM. The final result, published on 26 October 2014, demonstrated capital levels higher than the minimum levels set for both the basic and stressed scenarios.

Under the scope of ordinary prudential supervision activities, in 2015 the ECB carried out investigations into various topics: the management of liquidity risk, ILAAP and treasury at UniCredit, UCB AG and UCB Austria, leasing activities in Italy, Austria and Bulgaria, and the reporting of credit risk (the interpretation of forbearance and Financial Reporting – FinRep) in UniCredit, UCB AG and UCB Austria.

With regard to the inspection into liquidity, the supervisory authority has highlighted – in the context of a decided reduction in liquidity risk, thanks to the improved external funding conditions and managerial actions implemented – several weaknesses in the governance of the Group in terms of liquidity, in the quality of data, in the IT framework and in several aspects of risk management activities. Specifically, there was a recommendation to set up a centralised database following the common rules on the source and provision of data for the management of liquidity at Group level. The ECB also recommended that the liquidity risk control function should have suitable IT support for the aggregation and reconciliation of data in order to focus its energy more on control activities, including the back-testing of the behavioural models developed by the Finance function. Both measures were implemented in the meantime by the end of 2016.

The action plan prepared in relation to the recommendations was shared with the ECB during the closing meeting and then officially sent for the purposes of its monitoring. The implementation of all planned actions will be completed by 30 June 2017. No subsequent observations were made by the ECB in that regard.

With regard to the inspection into leasing activities, the supervisory authority – while recognising the positive developments in recent years and the significant improvement in the quality of provision in all geographical areas examined – highlighted for the Italian company several weaknesses relating to the calculation of the time value, the classification under the scope of the non-performing loans portfolio and support of the IT systems, in

⁴⁴ Surrounding the “governance, management and control of credit risk”, this involves three executives, at the time of events working in the Group Risk Management unit, fined for a total amount of €91,000. Regarding “transparency and correctness in relations with customers”, this involves four executives, at the time of the events working in Legal & Compliance and Commercial Banking Italy, fined for a total amount of €116,000. In both cases the sanctions that the Bank paid were imposed through the regulation in force at the time, Article 145, paragraph 10 of the Italian Banking Act, which requires that UniCredit is jointly and severally liable for the payment and obliged to exercise the right of recourse to those liable.

particular for monitoring real estate assets and collateral management. With special reference to the calculation of the time value, the regulatory authority detected weaknesses relating, mainly, to the calculation of estimates, recommending they be reviewed on the basis of updated historical series. According to the plan, the activity was implemented by the planned deadline of 31 December 2016. As regards the foreign subsidiaries examined (Austria, Bulgaria and Hungary), suggestions were formulated regarding the improvement of certain internal processes, but no remarks were made on the management of the loan portfolio.

The total action plan prepared following the recommendations was shared with the ECB during the closing meeting and then officially sent to be monitored. No subsequent observations were made by the ECB in that regard. In UniCredit's opinion, this plan, which continues in line with the provisions and the implementation of all the planned actions, will be completed by 31 December 2017.

With regard to the inspection into the reporting of credit risk, the supervisory authority highlighted the consistency between the FINREP reporting and managerial reporting, with room for improvement with regard to information about forbearance, a level of adequacy and satisfactory precision for the most important aggregate date (albeit with the need to standardise the reporting perimeters within the Group), the correct structuring of credit risk reporting to the Board of Directors and top management, moreover on the date of the aforesaid inspection which still needs standardising in terms of metrics and formats within the Group, and areas of improvement relating to control processes. The action plan prepared in relation to the recommendations was shared with the ECB during the closing meeting and then officially sent for the purposes of its monitoring. No subsequent observations were made by the ECB in that regard. In UniCredit's opinion, the said Plan is in line with expectations and the implementation of all planned actions will be completed by 30 June 2017.

At the end of January 2016, the ECB launched an inspection into the "Capital position calculation accuracy" in the Group also relating to Group-wide credit models. In December 2016, UniCredit presented to and discussed with the ECB possible measures and deadlines identified by the bank in order to remedy the problems identified during the inspection, in particular concerning the processes for calculation of capital and of RWA. In March 2017, UniCredit received the official notice of the findings from ECB, highlighting also that the impact of the findings was already incorporated into the 2016-2019 Strategic Plan. The consequential action plan has been sent to the ECB in April 2017.

In February 2016, the ECB also launched an inspection on the subject of the "Management of distressed assets/bad loans", as far as the Italian perimeter is concerned, for which the inspection stage at UniCredit was concluded in May 2016. In November 2016 UniCredit received from the ECB notice of the findings emerged following the said investigation. In particular the ECB highlighted possible areas for improvement with regard to organisation, classification, monitoring, recovery, provision policy and management of guarantees, and advised UniCredit to continue with the activities – that the supervisory authority deems essential – already undertaken to remedy the findings. In December 2016, UniCredit sent the ECB its action plan, which contains the following: (i) the measures it intends to implement in order to remedy the shortcomings identified during the inspection and (ii) the deadline for achieving the objectives agreed on with the ECB. The action plan, made up of a series of activities which, for the most part, will be implemented during 2017, will be concluded by June 2018.

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

In September 2016, ECB started an inspection on "IRRBB management and risk control system" and another one on "Governance structure and business organization of the foreign branches of UCB AG" concerning the UCB AG branches in London, New York, Milan, Hong Kong and Singapore.

These two inspections have respectively been concluded in March 2017 and April 2017. The final results have not yet been notified.

In addition, in November 2016, the ECB launched an inspection into "Governance and Risk Appetite Framework" and another into the "Business Model and Profitability – Funding transfer price". The above-mentioned two inspections have respectively been concluded in February 2017 and March 2017. The final results have not yet been notified.

In February 2017, the Bank of Italy launched an inspection on “Transparency” of various UniCredit Italian Branches, as well as another inspection on “Governance, Operational Risk, Capital and AML” of Cordusio Fiduciaria S.p.A. Both inspections were concluded in April 2017. The final results have not yet been notified.

In March 2017, the ECB announced an inspection related to “Collateral, provisioning and securitization” of the Group. The inspection was launched in April 2017.

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

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

In December 2009, the AGCM launched proceedings against UniCredit Banca di Roma S.p.A. (now UniCredit), relating to alleged unfair commercial practices with regard to the application of regulations concerning simplified mortgage cancellation. The AGCM then extended the proceeding to another Group company, UniCredit Family Financing Bank S.p.A. (now UniCredit). In May 2010, the proceeding concluded, imposing a monetary administrative fine of €150,000 on UniCredit Banca di Roma S.p.A. alone. This fine was appealed at the Regional Administrative Court (TAR) which; in February 2017, rejected the appeal. In May 2017, UniCredit appealed to the Italian Council of State against the above judgment of the TAR of Lazio; the appeal is still pending as at the date of this Base Prospectus.

In February 2010, the AGCM launched proceedings against UniCredit Banca di Roma S.p.A. (now UniCredit), relating to alleged unfair commercial practices with regard to the ending of current account relationships. The proceedings in question led, in July 2010, to the imposition of a monetary administrative fine of €50,000. This fine was appealed at the TAR. As at the date of this Base Prospectus, the proceeding is still pending.

In August 2011, the AGCM requested information and then opened a proceeding against UniCredit and Family Network Credit S.p.A., a Group company, relating to alleged bad business practices in relation to a flyer designed to promote their range of loans. In September 2011, written arguments were submitted to the AGCM, meeting the requests made. In November 2011, the AGCM imposed monetary administrative fines of €70,000 and €50,000 respectively. UniCredit and Family Credit Network (which later merged into UniCredit) appealed at the TAR against the AGCM’s fine. As at the date of this Base Prospectus, the proceedings are still pending.

In December 2012, the AGCM launched proceedings against UniCredit, at the same time requesting information relating to alleged unfair commercial practices with regard to the publicity campaigns involving the “Conto Risparmio Sicuro” deposit account. The proceedings led, in July 2013, to the imposing of a monetary administrative fine of €250,000. UniCredit appealed at the TAR against the AGCM’s fine. As at the date of this Base Prospectus, the proceedings are still pending.

In April 2016, the AGCM announced the extension to UniCredit (as well as to another ten banks) of the I/794 ABI/SEDA proceedings launched in January 2016 with regard to the ABI, aimed at confirming the existence of alleged concerted practices with reference to the SEDA. In July 2016, the ABI and the Banks submitted a behaviour undertaking proposal to try and resolve the problems revealed by the AGCM at the launch of the proceedings, undertakings which, however, were rejected by the AGCM in August 2016.

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

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

In May 2016, the AGCM initiated proceedings with regard to UniCredit, at the same time requesting information aimed at confirming two potentially unfair commercial practices involving the application methods of the calculation mechanism for retail loans of the nominal annual interest rate for variable rate property loans indexed to the Euribor for the purchase or restructuring of a property. Between June 2016 and October 2016, UniCredit responded to the request for information and documents drawn up by the AGCM and presented and consolidated its behaviour undertakings in order to resolve the problems highlighted by the AGCM during the launch of proceedings and, if accepted by the AGCM, to allow the closing of the proceedings without establishing the infraction. In the provision sent to UniCredit on 23 December 2016, the AGCM resolved to end the proceedings without confirming an infraction and therefore they did not impose sanctions, making the above-mentioned behaviour obligations mandatory. This involves about 442,000 relations with customers of UniCredit.

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

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

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.

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".

Specifically, with regard to the inspection of the UCB AG Compliance function aimed at checking the operation and adequacy of internal procedures, processes and resources employed (*MaRisk*), UCB AG prepared a mitigation plan and sent it to the ECB. It is being monitored by the latter on a quarterly basis. At the date of this Base Prospectus the findings were implemented with one exception, for which mitigation actions were launched and will be completed in compliance with the action plan by the second quarter of 2017.

With regard to the inspection on the “Management of credit risk in the FIBS portfolio – upstream loans” – aimed at verifying the adequacy of the organisational structure, internal procedures and processes, as well as the management of the credit risk of the 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 will be completed, in compliance with the action plan, by 2017.

Lastly, as far as the “Quality of internal and external reporting” is concerned, the ECB looked into the Financial Reporting Framework (FINREP) and the Common Reporting Framework (COREP). At the date of this Base Prospectus the findings were implemented with one exception, for which mitigation actions were launched and will be completed in compliance with the action plan by the second quarter of 2017.

In 2016, the ECB conducted two inspections involving (i) the “Management of the Corporate Portfolio” of UCB AG and (ii) the “Governance and business processes in UCB AG foreign branches”. With respect to the latter, the inspection was concluded in December 2016, as at the date of this Base Prospectus the final results have not yet been notified.

With regard to the inspection of (i) UCB AG’s corporate portfolio management the “Management of the Corporate Portfolio” of UCB AG – aimed at verifying the adequacy of the organisational structure, internal procedures and processes, as well as the management of the credit risk of the Corporate portfolio for the sound and prudent management of the credit institution – the ECB disclosed six findings, one of which was concluded as at the date of this Base Prospectus. With regard to the remaining five findings, UCB AG will complete the mitigation actions in compliance with the action plan by the first quarter of 2018.

Poland

Under the scope of its activities, Bank Pekao is subject to normal supervisory activities: inspections, controls and investigations or assessment proceedings by various supervisory authorities including in particular: (i) the Polish Financial Supervisory Authority (**PFSA**); (ii) the competition supervisory authority, for the protection of competition on the market and collective consumer rights (**UOKiK**); (iii) the personal data protection supervisory authority, for the collection, processing, management and protection of personal data (**GIODO**); and (iv) the competent authorities for preventing and combating money-laundering and terrorist financing.

The following administrative proceedings were launched:

- antitrust proceedings against the operators of the Visa and Europay systems, as well as the Polish banks that issued Visa and MasterCard credit cards, connected to the alleged joint establishment of interchange fees to the detriment of competitors in the Polish market of the operators. UOKiK deemed this practice to restrict competition within the key market and required the banks to stop using them, also imposing fines. The fine imposed on Bank Pekao was equal to approximately PLN 16.6 million (roughly €3.7 million); the bank appealed against this fine. On 12 November 2008, the Anti-Monopolies Court revoked UOKiK’s decision. The latter later counter-appealed the decision of the Anti-Monopolies Court at the Court of Appeal, which on 22 April 2010 overturned the decision and the case was referred once more to the Anti-Monopolies Court for review. On 8 May 2012, the Anti-Monopolies Court suspended proceedings until the final resolution of the question regarding Mastercard’s appeal against the European Commission’s decision of 19 December 2007. As a result of Bank Pekao’s complaint, on 25 October 2012, the Court of Appeal revoked the decision to suspend the proceedings. Through the ruling of 21 November 2013, the Anti-Monopolies Court reduced the fine imposed on Bank Pekao from Złoty 16.6 million to Złoty 14 million (equal to around €3.1 million). On 7 February 2014, Bank Pekao appealed against this fine and the appeal was rejected by the decision of the Court of Appeal of 6 October 2015, which upheld the counter-appeal made by UOKiK and reinstated the fine originally imposed on Bank Pekao. In April 2016, Bank Pekao appealed to the Supreme Court. On 4 April 2017, the Supreme Court decided to accept Bank Pekao’s cassation for hearing. The date of the hearing was not established, so far. At the date of this Base Prospectus, the proceedings are pending;
- proceedings of UOKiK relating to compliance with the regulations protecting consumers for communication methods for updating the Credit Bureau (BIK) with data on funded parties. In December 2012, a fine of Złoty 1.8 million (equal to approximately €450,000) was imposed on Bank Pekao. In January 2013, Bank Pekao appealed to the Anti-Monopolies Court. By the verdict of 24 February 2015, the Anti-Monopolies Court dismissed the appeal of Bank Pekao against this fine but the

appeal was rejected in February 2015. Bank Pekao appealed such verdict of the anti-monopolies court. On 23 January 2017, the Appeal Court in Warsaw issued a verdict by which – in line with the Bank Pekao's appeal – cancelled the fine in amount PLN 1.8 million. The verdict is valid but UOKiK has the right to file a cassation to the Supreme Court;

- administrative proceedings launched with regard to Bank Pekao following the decision against UOKiK of 4 August 2015 for alleged exclusion of the negative LIBOR from the interest on loans made in Swiss currency. In compliance with UOKiK's decision issued in April 2016, Bank Pekao complied with the decision and recalculated the interest based on the negative LIBOR and made the consequent repayments to customers providing appropriate information to the same;
- administrative proceedings launched following UOKiK's decision of 30 December 2015 for the alleged unilateral amendment of the rules and amounts of current accounts in violation of the interests of consumers. As at the date of this Base Prospectus, the process is still in progress and the date envisaged for the conclusion of the process is 30 August 2017;
- Bank Pekao involved with UOKiK in numerous information processes. These processes have the aim of analysing market operations of businesses and are not intended in particular against Bank Pekao or any other company;
- administrative proceedings launched on 23 September 2016, by the General Inspector of Financial Information (**GIIF**), about the obligations imposed by law on anti-money laundering and combating the funding of terrorism in relation to: (i) the timetable for recording transactions and (ii) compliance with the requirements relating to the acquisition of documents and information about customers by the branches. Following the initiation of the proceedings, Bank Pekao sent its own findings to the GIIF, which, on 1 December 2016, extended the deadline for the conclusion of the proceedings to 31 December 2016. In the end of December 2016, the Bank received decision imposing fine in the amount of PLN 200,000 (equal to approximately €46,000). Bank decided to not appeal. Fine was paid on 9 January 2017.
- administrative proceedings launched on 3 October 2016, by the GIIF, involving the obligations under anti-money laundering laws and laws combating the funding of terrorism in relation to (a) non-compliance with the requirement to record transactions and (b) sending to the GIIF documents relating to transactions after the legally-required deadlines. Following the launch of the proceedings, Bank Pekao sent its findings to the GIIF, objecting to the Bank having to conform to the above-mentioned registration requirements. On 27 December 2016, Bank Pekao received the permission from the GIIF for extending the deadline for the conclusion of the proceedings until 20 February 2017. On 21 February 2017, Bank Pekao received decision imposing fine in the amount of PLN 5,000 (equal to approximately €1,200). Bank Pekao is not going to appeal.

Austria

UCB Austria is subject to regulation by the CRR and the Austrian Consolidated Banking Act (*Bankwesengesetz*, BWG) which transposes the CRD IV into Austrian law.

From 4 November 2014, responsibility for banking supervision was transferred from the Financial Market Authority (*Finanzmarktaufsicht* – **FMA**) to the ECB under the scope of the SSM.

Between December 2012 and February 2013, the Austrian Central Bank (**OeNB**) and the FMA conducted a joint investigation with regard to the loan portfolio of UCB Austria and several subsidiaries. The main objective of this initiative was to check the progress of the action plan prepared following a previous investigation conducted in 2010 into the same subject. The intervention found that UCB Austria, in spite of implementing suitable mitigation actions, did not conform to the expectations of the supervisory 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, with the exception of one. With regard to the corrective measures involving the comprehensiveness of the documentation about customers, they are being implemented and will be concluded by the end of 2017.

At the end of 2014, the OeNB launched an on-site investigation into the management of participatory risk. Activities were concluded in December 2014 and in March 2015 the report was published, which highlighted findings of a methodological nature in four main areas – adequacy of UCB Austria's capital at an individual level, methodological aspects of the ICAAP model, determining the price of intra-group funds and management of the results for CEE subsidiaries. UCB Austria prepared an action plan and sent it to the OeNB in April 2015. At the end of 2015, following the recommendations drawn up by the ECB which confirmed the findings of the OeNB, UCB Austria made changes to the action plan previously agreed. The mitigation actions requested involved the findings with regard to capital adequacy, methodological aspects of the ICAAP model and determining the price of intra-group funds, and were correctly implemented in compliance with the plan agreed with the ECB.

In March 2015, the ECB delegated an inspection to the OeNB of the risks relating to FX retail loans. This inspection was concluded in June 2015 and the findings were issued in October 2015, confirming the existence of an action plan undertaken by UCB Austria which the ECB was notified of. The status of the actions is reported to the ECB on a quarterly basis. All the mitigation actions aimed at, among other things, the stress testing methods, the FX retail loans strategy, FX portfolio reporting and communications with customers, were implemented in compliance with the plan.

From September 2015, the FMA conducted a check into the “Real Invest Austria” real estate investment fund with regard to the bank's custodian role performed by UCB Austria. The latter received the findings of the inspection in July 2016 and submitted its response to the findings relating to documentation and internal processing of real estate transactions, including a finding on the potential violation of the law involving compliance with the specific criteria to follow for real estate purchases by the custodian bank. In the meantime all the mitigation actions were implemented in a positive manner in compliance with the plan, and the FMA has been notified.

Other countries

The other banks operating in countries where the Group has a presence are subject to normal regulatory activities: inspections, checks and investigations or assessment procedures by the various local supervisory authorities. Depending on the country, the authorities carry out regular checks on the activities and financial status of the various Group entities with differing frequencies and using different methods. Upon the outcome of these checks, the relevant supervisory authorities can impose the adoption of organisational measures and/or impose fines.

Turkey

Following the inspection launched in November 2011, with regard to Yapi ve KrediBankası A.Ş. (YKB) and other eleven Turkish banks, in March 2013 the Turkish AntiTrust Authority (TCA) announced that it was imposing monetary administrative fines on these banks for the alleged violation of Turkish law on protecting competition. The amount of the fine imposed on YKB came to TRY 149,961,870 (equal to over €63 million). Despite YKB believing it had acted in compliance with the law, in August 2013 the bank benefited from the reduced early payment of the fine pursuant to Turkish law of TRY 112,471,402 (equal to 75 per cent. of the administrative fine imposed and equal to approximately €50 million). In September 2013, YKB also appealed against the TCA's decision asking for it to be annulled and also asking for its advance payment to be returned. Following the rejection of the appeals made by YKB, respectively in March 2015 and April 2015, in August 2016 YKB submitted a further appeal which, at the date of this Prospectus, is still pending.

In addition, in September 2016, following an investigation launched on account of the alleged violation of consumer protection laws under the scope of several transactions that took place in 2011, the Turkish Ministry

of Customs and Trade imposed an administrative fine of TRY 116,254,138 (equal to approximately €31 million) on YKB. In September 2016, YKB benefited from the reduced early payment of the fine pursuant to Turkish law of TRY 87,190,604 (equal to 75 per cent. of the original fine and equal to approximately €23 million) and in October 2016 it appealed against the fine asking for its advance payment to be returned. As at the date of this Base Prospectus, the proceedings are still pending.

For the sake of completeness, UniCredit reports that as part of the internal rating models authorised for calculation of capital, during 2016 the ECB started a revision operation, known as TRIM, having the aim of guaranteeing their adequacy and comparability, in light of the elevated fragmentation of IRB systems in use at the various authorised banks with the consequent variability of measuring capital requirements.

The risks affected by such revision were not only credit risk, but also counterparty and market. The TRIM is expected to continue until 2018 and will be divided into two phases: Institution Specific Review in 2016 and Model Specific Review in 2017-2018.

As at the date of this Base Prospectus the first phase (Institution Specific Review) was at the completion stage, during which, with reference to credit risk, UniCredit filled out two specific questionnaires:

- General Topics Survey, on the governance of authorised internal models of IRB Ratings;
- Model Map Prioritisation, covering 5 High Default portfolios selected by the regulator based on materiality criteria.

Solely for credit risk, as communicated, the first phase will complete in the first quarter of 2017 with the completion of supervisory expectations, or ECB guidelines for compliance with the CRR guidelines, which will then be subject to benchmarking with other UniCredit competitors.

The second phase of TRIM will concern the two-year period 2017-2018 and will focus on High Default Portfolio Models in 2017 and Low Default Portfolio Models in 2018.

During 3Q17-4Q17, UniCredit will be concerned with on-site inspections on specific internal high default models selected for the purpose of revision.

Other pending tax cases

During 2015 and the first quarter of 2016, UniCredit, on its own behalf and in its capacity as the incorporating company and/or holding company, as the case may be, of various companies of the Group, was served with some notices of assessment related to taxes, interests and sanctions.

The key assessments are those which relate to:

1. withholding tax allegedly not withheld on interest paid in relation to financial instruments of debt issued in order to strengthen the capital base for the tax year 2009, for a total of around €40 million; in May 2015 the assessments were settled with the payment of €17.7 million for tax and accessory items;
2. withholding tax allegedly not withheld on interest paid in relation to financial instruments of debt issued in order to strengthen the capital base for the tax year 2010, for approximately €15.1 million (related only to taxes); a tax investigation was carried out by the Italian Tax Police which ended in July 2015; in November 2015 the claims were settled with the payment of €17.8 million for tax and accessory items;
3. substitute tax on medium and long-term financings for the tax years 2010 and 2011 and registration tax for the tax year 2009, for a total amount of €22 million for tax and accessory items; the amount of the pending litigations is currently equal to €18 million since the tax authorities have declared null and void certain assessments;

4. increased IRES and IRAP for the tax years 2007, 2008 and 2009, regarding Pioneer Investment Management SGRPA, for challenges in relation to transfer pricing for a total amount equal to €80 million for IRES only; the assessment concerning the year 2007 was settled by conciliation with the payment of a total amount of €20.6 million, while the claim amounted to €35.5 million; the assessments concerning the years 2008 and 2009 were appealed to the competent provincial tax commission and the judgments are still pending. At the end of December 2015, a notice of assessment for IRES relating to the year 2010 was notified to Pioneer Investment Management SGRPA, for a total amount of €14.3 million for IRES only, no penalties were claimed; the assessment concerning the fiscal year 2010 was settled with the total payment of €6.1 million;
5. increased IRES and IRAP for the tax year 2009 regarding Finecobank Banca Fineco S.p.A. due to costs which were claimed by the revenue agency to be non-deductible, for a total amount equal to €2 million (including taxes, interest and penalties). The notices of assessment were appealed to the competent provincial tax commission and in May 2016 the assessment was settled with the payment of €0.2 million;
6. increased IRES and IRAP for the tax years 2010 and 2011 regarding Finecobank Banca Fineco S.p.A., due to costs which were claimed by the revenue agency to be non-deductible, for a total amount of €8.3 million (including taxes, interest and penalties); in May 2016 the assessments were settled with the payment of €0.24 million for 2010 and €0.18 million for 2011;
7. increased IRES for the year 2010 relating to UniCredit Factoring S.p.A. regarding alleged violations with respect to write-downs of loans and receivables and deduction of losses on loans, for a total amount of €6.3 million for taxes, penalties and interest: the assessment was settled with the payment of a total amount of €3.9 million;
8. higher registration tax for 2013 relating to UniCredit regarding disputes over the alleged higher taxable value arising from the sale of a business unit, for a total claim of €0.8 million for taxes, penalties and interest: the assessment was settled for a total amount of €0.4 million;
9. increased IRES and IRAP for the tax year 2009 regarding Unicredit Banca di Roma S.p.A. and UniCredit Private Banking S.p.A. for challenges in relation to transfer pricing for a total amount, as to tax and accessory items, equal to €1.1 million;
10. higher VAT allegedly due by UniCredit Leasing S.p.A. for the fiscal year 2010 for a total amount of €1.8 million (including higher tax, interest and penalties). The company decided to file a claim with the tax court and the litigation is pending; and
11. other disputes regarding Italian subsidiaries or incorporated entities, for a total amount of around €2.3 million.

In relation to the above-mentioned assessments, the necessary measures have been taken, promptly challenging such assessments before the competent tax courts and/or filing appropriate requests for settlement.

Although UniCredit believes the risks due to the above mentioned assessments are minimal, it has nonetheless made the appropriate provisions to cover such potential liabilities.

At the end of February 2015, UniCredit received, in its capacity as incorporating company of UniCredit Banca di Roma S.p.A. and of Banco di Sicilia S.p.A., the latter being the transferee of the assets and liabilities of Sicilcassa S.p.A., six notices of liquidation (*avvisi di liquidazione*) for registration tax for the tax years 2012 and 2013, for a total amount of €23.3 million of which €8.4 million is attributable to UniCredit. The notices of liquidation were appealed to the competent provincial tax commission. At the end of the first instance trials, the notices of liquidation were partially cancelled for a total amount of €15.3 million. In 2016, appeals have been filed with the second degree tax court. During the first quarter of 2016, UniCredit was notified with a notice of

liquidation for an amount of €6.3 million relating to taxes only, which was appealed to the competent provincial tax commission; the judgment is still pending.

As concerns withholding tax allegedly not withheld on interest paid in relation to financial instruments of debt issued in order to strengthen the capital base, a tax investigation for the tax years from 2011 to 2014 was carried out by the Italian Tax Police, which ended in April 2016. The claims amount to €11.9 million; no notice of assessment has been received yet.

PRINCIPAL SHAREHOLDERS

As at 8 June 2017, UniCredit's share capital, fully subscribed and paid-up, amounted to €20,880,549,801.81, comprising 2,225,945,295 shares without nominal value, of which 2,225,692,806 are ordinary shares and 252,489 are savings shares. UniCredit's ordinary shares are listed on the Italian, German and Polish regulated markets. The shares traded on these markets have the same characteristics and confer the same rights on the holder. UniCredit's savings shares (shares without voting rights and with preferential economic rights) are only listed on the Italian regulated market.

As at 8 June 2017, according to available information, the main shareholders holding, directly or indirectly, a relevant participation in UniCredit were:

Major Shareholders	Ordinary Shares	%owned ⁽¹⁾
Capital Research and Management Company	112,889,777	5.072 ⁽²⁾
Aabar Luxembourg S.A.R.L.	112,141,192	5.038
Norges Bank	69,053,092	3.102

(1) On ordinary share capital at the date of 8 June 2017.

(2) Non-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.

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

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

No individual or entity controls UniCredit within the meaning provided for in Article 93 of the Financial Services Act, as amended.

MATERIAL CONTRACTS

The terms and conditions of the main contracts agreed by UniCredit or by Group companies in the two years prior to the date of this Base Prospectus, which do not come under the normal course of business and/or which involve significant obligations and/or rights for UniCredit and for the Group are illustrated below.

Agreements relating to the Project Fino

As part of the plan to reduce the non-core portfolio called for in the 2016-2019 Strategic Plan, on 13 December 2016, UniCredit signed two separate Framework Agreements, respectively with FIG LLC, an affiliate company of the Fortress Investment Group LLC, and with PIMCO, a subsidiary of the PIMCO BRAVO Fund III, L.P., to

transfer the non-performing loans to FIG LLC and PIMCO. On 30 December 2016, FIG LLC, in conformity with the provisions of the Framework Agreement, replaced Fortress in contractual relations resulting from the Framework Agreement.

Each Framework Agreement places binding obligations on UniCredit and the respective investors to negotiate and finalise the contractual documentation necessary for implementing the Fino Project under the scope of “phase 1” (as explained in more detail later on), the sale of the loan portfolios through the realisation of separate securitisation transactions on the basis of the contractual principles, essential terms and guidelines identified in each Framework Agreement as well as the draft sales agreements agreed between the parties. Each Framework Agreement in particular identifies the individual portfolios being sold to each investor, governs the obligations and commitments (as well as the related terms and conditions) of the parties with regard to “phase 1” of the Fino Project. With specific reference to “phase 2” of the Fino Project UniCredit and the respective investors have, pursuant to each Framework Agreement, agreed the guidelines, policies and mutual collaboration commitments in the potential structuring of “phase 2”.

Specifically, “phase 1” involves the commitment by the parties to the agreement, to execute, respectively, a securitisation transaction with a single sector to execute the agreement with PIMCO and a multisector securitisation transaction to execute the agreement with Fortress. Each Framework Agreement provides that the transaction will be implemented through the creation of one or more special purpose vehicles (**SPV(s)**) pursuant to Law No. 130 of 30 April 1999, as amended, which will acquire the impaired loans being sold as indicated in each Framework Agreement. Pursuant to each Framework Agreement, save as otherwise agreed by the parties or if required by applicable law, neither UniCredit nor any investor may hold or purchase units of the share capital of the SPV.

Each SPV will acquire the impaired loans with proceeds from issuance of the ABS, which will be subscribed for by UniCredit as well as, depending on the respective SPV, by PIMCO and Fortress. In particular, the consideration due to UniCredit by each SPV for the transfer of each portfolio will be offset by the respective SPV on the date of issue of the related ABS: (i) with the amount UniCredit owed the SPV as subscription price of the ABS by UniCredit, (ii) in cash through the funds received by investors by way of payment of part (in the proportion and according to the mechanism specified below) of the subscription price of the ABS that the same investors subscribed for; and (ii) by way of a transfer by the respective SPV to UniCredit of the claim made by the same SPV against the investors (including any affiliated or controlling entities) as deferred payment of part of the subscription price of the ABS that the same investors subscribed for and that has not been paid in cash to the SPV on the date of issue of the ABS (in the proportion and according to the mechanism specified below).

Each Framework Agreement provides – for the purpose of financing the purchase of each loan portfolio sold in “phase 1” – for the issuance by each SPV of three classes of ABS, in the context of each securitisation: the class A Notes, the class B Notes and the class C Notes. The repayment of the class A Notes will occur prior to the repayment of the class B Notes and the class C Notes; the repayment of the class B Notes will occur after the repayment of the class A Notes but prior to the repayment of the class C Notes; the repayment of the class C Notes will occur after the repayment of the class A Notes and the Class B Notes. Each investor and UniCredit undertook to subscribe for, at a subscription price equal to 100 per cent. of the nominal value of the ABS, respectively 50.1 per cent. and 49.9 per cent. of each class of ABS issued by the SPV in relation to each securitisation⁴⁵. At the date of this Base Prospectus the interest rates that will accrue on the ABS have not been defined and there are no guarantees expected to guarantee the repayment of the ABS. Pursuant to each Framework Agreement, the parties have agreed the main terms of the order of priority of the payments by each SPV of the sums from the recoveries and collections made in relation to each loan portfolio subject to securitisation. In any event, this order of priority remains subject to the final definition by UniCredit and the investors.

⁴⁵ Pursuant to the Framework Agreement with Fortress, the subscription of the ABS is expected to be aimed, among other things, at allowing UniCredit to satisfy the requirements of maintaining a clear economic interest in the securitisation pursuant to the provisions of EU Regulation No. 575/2013 and the related implementation measures; pursuant to the Framework Agreement with PIMCO, the subscription of the ABS is expected to be aimed, among other things, at allowing the Issuer to satisfy the requirements of maintaining a clear economic interest in the securitisation pursuant to the provisions of EU Regulation No. 575/2013 and the related implementation measures, EU Regulation No. 231/2013 and the related implementation measures, EU Regulation No. 2015/35 and the related implementation measures and Section 15G of the U.S. Exchange Acts of 1934, as amended (codified at 17 C.F.R. § 246.1-246.22) and the U.S. regulations on risk retention as amended.

Moreover, further classes of ABS that UniCredit will entirely subscribe might be issued in order to fund certain cash reserves in the context of each securitisation transaction. At the date of this Base Prospectus the terms and conditions of the issue and subscription by UniCredit of further classes of ABS have not been defined.

Each securitisation transaction completed in fulfilment of the Framework Agreement will be governed by typical securitisation transaction agreements and, *inter alia*, the transfer agreement, the master servicing agreement, the inter-creditor agreement, the subscription agreement of the ABS, the mandate agreement, the agency and accounts agreement, the terms and conditions of the ABS and the rules of organisation of the noteholders, the shareholders' agreement of each SPV and the corporate services agreement, the key terms of which have been agreed by the parties in the respective Framework Agreement. Following the issue of the ABS in the context of "phase 1", the parties have agreed that the above-mentioned securitisation agreements will exclusively regulate relations between the parties in the context of the securitisations, with the provisions of the Framework Agreement being withdrawn in the case of a conflict.

In particular, each Framework Agreement contains a draft of the transfer agreement, as agreed between the relevant parties, which includes the representations and warranties UniCredit has given in relation to any loan portfolio being transferred, together with the related indemnity for breaches of such representations and warranties. These drafts require the sale of loans to take place with non-recourse factoring, in other words. In particular, each Framework Agreement contains a draft of the transfer agreement, as agreed between the relevant parties, which includes the representations and warranties UniCredit has given in relation to any loan portfolio being transferred, together with the related indemnity for breaches of such representations and warranties. These drafts require the sale of loans to take place with non-recourse factoring, in other words.

As far as the declarations and guarantees issued by UniCredit pursuant to the above-mentioned drafts are concerned, these representations and warranties cover, *inter alia*, the existence of the loans being transferred; the ownership of UniCredit of the loans being transferred and their transferability; and the validity and the existence of the warranties relating to the loans secured by a collateral. There are also plans that, if the declarations and guarantees issued by UniCredit with regard to each loan portfolio sold are not correct or truthful, UniCredit should compensate the SPV for the damage suffered through a maximum amount that ranges from 15 per cent. to 30 per cent. (depending on the securitisation) of the sale price of the loan to which the violation of the declarations and guarantees refers. As an alternative to the obligation to pay compensation, UniCredit Group may buy back its credit (with reference to the Framework Agreement with Fortress; this option to repurchase is subject to the fact that the alleged damage suffered by the respective SPV is above a given threshold) paying the repurchase price determined on the basis of the original price of sale of the relevant credit net of any collection made on such credit and plus any collection costs incurred up to the date of the repurchase to the relative SPV.

Each draft of the transfer agreement attached to the relevant Framework Agreement also provides for the possibility for UniCredit, subject to certain conditions, to repurchase claims transferred to the respective SPV. Specifically, UniCredit can exercise this buyback option if, among other things, UniCredit believes it is advisable to repurchase it for reasons of internal compliance or if there has been a request for compensation for damages regarding this loan or another claim or if the debtor has been successful in a dispute of the first instance at least involving the loan sold. The successful completion of the transfer is, instead, not conditional upon maintaining certain performance levels (*i.e.* the repayment of capital and interest by the relevant debtors) of the loans being transferred. The Framework Agreement with PIMCO, however, provides that the amount due from the respective SPV to UniCredit by way of purchase price of the related portfolio is offset by an amount equal to the higher of the collections relating to the portfolio between the valuation date of the portfolio (expected to occur on 30 June 2016) and the settlement date of the Notes (expected to occur by no later than 31 July 2017) (collections which will remain under the ownership of UniCredit) and €100 million. The Framework Agreement with Fortress, on the other hand, makes provision that the amount due from the SPV to UniCredit by way of the purchase price of the portfolios is paid *pro tanto* with a sum equal to the amount of the collections made on the portfolio between the valuation date of the portfolio (expected to be 30 June 2016) (collections which will remain under the ownership of UniCredit) and the issue date of the ABS (expected to be no later than 31 July 2017).

The drafts of the remaining documents mentioned above relating to the securitisation have not yet been agreed between the parties and they remain subject to further negotiation, pursuant to the principles and essential terms provided in each Framework Agreement. The key terms regarding these remaining documents and contained in each Framework Agreement do not include specific duties, commitments, representations or warranties to be given by UniCredit in favour of the respective SPV, nor specific indemnities that UniCredit will be expected to give.

The realisation of the securitisation transactions planned under “phase 1” of the Fino Project is subject to UniCredit obtaining the necessary authorisation from the competent corporate bodies (including the Board of Directors) and the related disclosure obligations of the ECB relating to the disposal of loans in order to comply with the requirements of the CRD IV Regulation in relation to the significant risk transfer of the portfolios sold to each SPV⁴⁶.

In this respect, it should be noted that as at the date of this Base Prospectus no notification has been sent to the respective SPV within the meaning of the “*Public guidance on the recognition of significant risk transfer*” issued by the ECB on 24 March 2016 concerning the intention of recognising the significant transfer of risk relating to the Fino portfolio.

With reference to “phase 2”, to be achieved through the possible restructuring of the ABS and amendment of the contractual documentation of the “phase 1” securitisations on the other hand, the parties have preliminarily identified the guidelines and strategies aimed at regulating, among other things: (i) a progressive sale, including to third-party investors, by UniCredit of the ABS subscribed, in compliance with the requirements of maintaining a clear economic interest in the securitisation transactions⁴⁷; and (ii) the optimisation of the financial structure of the ABS issued as part of “phase 1”, including obtaining a guarantee on the securitisations of the impaired loans (GACS) from the Ministry of Economy and Finance. Note that the implementation methods of “phase 2” have not yet been definitively agreed by the parties and remain subject to further agreements between the parties on the basis of agreed guidelines and strategies in the respective Framework Agreements.

In addition, pursuant to the agreements with investors, there are plans (i) that 40 per cent. of the price of the ABS subscribed by each investor will be paid in cash at the issue date of the ABS and (ii) for a payment mechanism for the remaining 60 per cent. by the date which falls no later than 36 months for Fortress and 42 months for PIMCO after the issue date of the ABS (the **Deferred Subscription Price Mechanism**). The completion of “phase 1” is expected to take place by 31 July 2017 and it is subject to certain conditions precedent being satisfied by 30 June 2017.

These conditions precedent include, among others:

- with regard to the Framework Agreement with PIMCO: (i) the satisfying of all the conditions precedent and the assumptions indicated in the offer letter sent to UniCredit by PIMCO on 12 December 2016, regarding the portfolio described in the relevant Framework Agreement (i.e. *inter alia*, the granting of a guarantee by UniCredit for an amount of at least €100 million through collections by the date of the transfer) (or, if this is not the case, UniCredit must pay to the respective SPV an amount equal to the difference between €100 million and the collections actually realised); deferred payment of part of the subscription price of the ABS; closing of the transaction by 31 July; agreement relating to the FINO Loan; all the agreements relating to the securitisation in a form that is satisfactory to PIMCO (including the agreements relating to the Deferred Subscription Price Mechanism); costs related to the establishment of the SPV to be borne by UniCredit; agreement relating to the servicing mechanisms of the portfolio between the valuation date and the date of the transfer – without prejudice to the fact that the offer letter shall be deemed as superseded by the Framework Agreement, as expressly provided in the Framework Agreement; (ii) the fulfilment by UniCredit of all its significant obligations pursuant to the Framework Agreement; (iii) the definition of the aforesaid agreements relating to the securitisation transaction and the agreements relating to the Deferred Subscription Price Mechanism and reflecting the commercial agreements in a form and substance satisfactory to the parties from time to time; and (iv) the obtaining by UniCredit of the necessary authorisations by the competent corporate bodies (including the Board of Directors);
- with regard to the Framework Agreement with Fortress: (i) the definition of the agreements relating to the securitisation transaction and the agreements relating to the Deferred Subscription Price Mechanism and reflecting the commercial agreements in a form and substance satisfactory to the parties from time

⁴⁶ On this issue we report that, pursuant to articles 243(2 and 3) and 244(2 and 3) of the CRD IV Regulation, realisation of the securitisation operations covered by phase 1 of the Fino Project was not subject to obtaining specific authorisation in relation to the significant transfer of credit risk. The Public guidance on the recognition of significant risk transfer, issued by the ECB on 24 March 2016 in fact requires originators with the intention of acknowledging the significant transfer of risk solely to notify the ECB rate at least three months prior to the date envisaged for conclusion of the associated transaction.

⁴⁷ It is expected that this sale under the scope of “phase 2” could also include tag along and drag along obligations.

to time, and (ii) the obtaining by UniCredit of the necessary authorizations by the competent corporate bodies (including the Board of Directors).

If the above-mentioned conditions precedent are not realized, the respective Framework Agreement will be understood as terminated. Specifically, if the failure to satisfy them is attributable to UniCredit, UniCredit should refund investors the costs and expenses incurred for carrying out the due diligence relating to the securitisation transaction or following the realisation of the above-mentioned conditions precedent up to a maximum amount of €5 million. As at the completion of the relevant securitisation transactions, the transfer of gross loans for a total amount of €17.7 billion will occur as at 30 June 2016. Pursuant to each Framework Agreement, one of the objectives of “phase 1” of Fino Project is the derecognition of the transferred portfolio. As prescribed by IAS 39, the transferred loans will be derecognized in the financial statements of UniCredit (i) once all the related risks and benefits have been transferred to independent third parties or (ii) once a sufficient part of the risks and benefits has been transferred, provided that UniCredit has not retained control over the loans included in such portfolio. As at the date of this Base Prospectus, UniCredit is assessing both the qualitative and quantitative criteria necessary to prospectively support the evaluation of the above-mentioned conditions, in particular those referred to the Deferred Subscription Price Mechanism and the structure of the securitisation transactions contemplated by the Framework Agreements.

The analysis will be completed on the completion of the contractual documentation and could highlight the failure of the conditions set out by the reference accounting principle for the derecognition of the portfolio.

Pursuant to each Framework Agreement, the offer letters sent by PIMCO and Fortress to UniCredit, respectively, on 12 December 2016 and 13 December 2016, about the portfolios which are the subject of each Framework Agreement should be understood as superseded by these latest agreements.

Sale of PGAM's assets

On 11 December 2016, UniCredit signed a binding agreement (the **Master Sale and Purchase Agreement**) with PGAM, a company wholly owned by UniCredit, and Amundi S.A. (**Amundi**) for the sale of PGAM's subsidiaries (the **Pioneer Subsidiaries**) (the **Sale**).

Pursuant to the Master Sale and Purchase Agreement, PGAM reserved the right to exclude the following from the Pioneer subsidiaries being sold: (i) Pioneer Pekao Investment Management S.A. (in which, as at the date of this Prospectus, PGAM owns 51 per cent. of the share capital); (ii) Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. (in which, as at the date of this Prospectus, PGAM indirectly owns 100 per cent. of the share capital via Pioneer Pekao Investment Management S.A.); and (iii) Pekao Pioneer Universal Pension Fund Company S.A. (in which, as at the date of this Base Prospectus, PGAM owns 35 per cent. of the share capital) (jointly defined as the **Polish Subsidiaries**). By means of a written notice dated 7 June 2017, UniCredit exercised its right to exclude the Polish Subsidiaries from the Sale.

The Master Sale and Purchase Agreement requires that, for the acquisition of the Pioneer Subsidiaries, Amundi will pay cash consideration (excluding the Polish Subsidiaries) of €3,545 million. In addition, the agreement provides for PGAM's right to proceed with the distribution of an extraordinary dividend of €315 million to be paid out before the closing of the Sale. Following the closing of the Sale, the consideration can be subject to adjustments linked to (i) the circumstance that the amount of the extraordinary dividend effectively distributed would be different from that proposed by the parties and specified above; (ii) specified corporate actions to be carried out by PGAM and/or by the Pioneer Companies (as defined below) for the establishment of a new company wholly and directly controlled by PGAM in China before the date envisaged for the closing of the Sale; (iii) the amount of revenue generated in relation to some assets under management of U.S. customers where the corporate actions that are expressly set out pursuant to the Master Sale and Purchase Agreement are not satisfied (including, first of all, obtaining the consent to the Sale requested by the respective related bodies) according to the calculation mechanisms provided by the Master Sale and Purchase Agreement; and (iv) the amount of any loss or cost of an extraordinary nature and any leakage, as defined pursuant to the Master Sale and Purchase Agreement (e.g. distributions, guarantees, payments of bonuses not related to the ordinary course of business and expenses of various kinds, as defined pursuant to the Master Sale and Purchase Agreement) that the Pioneer Subsidiaries that are part of the Sale had been involved in or would be involved in between 30 September 2016 and the completion date of the Sale.

In addition, when any of the grounds for terminating the Distribution Agreements (as defined below), expressly set forth in the Master Sale and Purchase Agreement occur, Amundi and PGAM, depending on the case, have

the right, to obtain a reduction or an addition (not subject to a minimum and/or maximum) to the consideration paid for the sale, calculated on the basis of the revenues or economic advantages that each of the parties would have obtained in the event that the relative Distribution Agreement had gone ahead. The Master Sale and Purchase Agreement provides for termination rights upon occurrence of the following events: (i) any breach by UniCredit or any Group companies of the obligations and/or undertakings provided for by the Distribution Agreements; (ii) any amendments of the Distribution Agreements following orders or decisions by the competent authorities, as identified pursuant to the Master Sale and Purchase Agreement; (iii) in relation with the Distribution Agreement executed by UCB Austria and Pioneer Investments Austria GmbH, the failure to reach an agreement relating to the amendments of specific contractual terms, including amendments relating to regulatory provisions issued by the relevant supervisory authority, in the absence of which the distribution and the offer of the instruments provided for in such contract would result in violation of the applicable laws and regulations.

The completion of the Sale is expected to take place by the end of the first half of 2017 and is subject to the satisfaction (or waiver) of certain conditions precedent pertaining to PGAM and Amundi (that should take place, in any case, within a maximum of 12 months from the signing of the Master Sale and Purchase Agreement).

These conditions precedent include, among other things: (i) the receipt of necessary approvals from the related supervisory, regulatory and antitrust authorities; (ii) the realisation of certain corporate actions with regard to operations in the U.S. and the receipt of certain authorisations/waivers from (a) certain companies connected to PGAM by a joint venture relationship and (b) the board of trustees of the U.S. funds' shareholders; and (iii) the signing of the Distribution Agreements (as defined in the following), namely, 10-year agreements for the distribution of asset management products, respectively, by UniCredit, UCB AG and UCB Austria and the Pioneer Subsidiaries operating in Italy, Germany and Austria.

In addition to the above conditions precedent, the Master Sale and Purchase Agreement requires that UniCredit, PGAM and Amundi provide market-standard representations and warranties.

The Master Sale and Purchase Agreement includes several all-encompassing indemnities from PGAM concerning any losses incurred by Amundi and from the Pioneer Companies as a result of the potential inaccuracy or the violation of any representations and warranties given by PGAM pursuant to the Master Sale and Purchase Agreement. This indemnity is limited to an amount equal to 10 per cent. of the consideration paid for the sale, with the exception of the indemnity for breaches of certain fundamental warranties (the **PGAM Fundamental Warranties**), which could reach 100 per cent. of the consideration paid for the sale. These Fundamental Warranties include those relating to: (i) corporate and legal status of UniCredit, PGAM and the Pioneer Companies, and (ii) disclosure of specified management actions occurring outside the ordinary course of business between 30 September 2016 and the date of execution of the Master Sale and Purchase Agreement.

Moreover, the Master Sale and Purchase Agreement provides for specific indemnity obligations (up to the amount of the sale price), in relation to certain losses that may be incurred by Amundi and the Pioneer Companies as result of: (i) proceedings and/or claims connected to specified cases in the Master Sale and Purchase Agreement; (ii) certain transfers of infra-group assets and facts or events relating to the assets, liabilities, contracts and the interests of PGAM or of the companies controlled by PGAM and excluded from the sale, as defined pursuant to the Master Sale and Purchase Agreement; (iii) non-compliance with the applicable legislation in relation to the Pioneer Companies' activities as identified in the Master Sale and Purchase Agreement; and (iv) specified tax matters, including relating to fiscal proceeding and/or claims. In addition to the above, the Master Sale and Purchase Agreement provides additional general and standard indemnity obligations customary for this type of transaction (such as for fraud, wilful misconduct or gross negligence).

The Master Sale and Purchase Agreement also provides that UniCredit (i) is obligated to guarantee PGAM in relation to the full and timely fulfilment of all of PGAM's financial obligations pursuant to the Master Sale and Purchase Agreement; (ii) is responsible for PGAM's obligations under the agreement if it is not able, for any reason whatsoever, to meet its obligations; and (iii) waives any benefits, rights, exception or limitation to which it may be entitled pursuant to the Civil Code; provided that in no case the liability of UniCredit shall exceed the Sale price.

Lastly, pursuant to the Master Sale and Purchase Agreement, UniCredit has given an undertaking (i) not to carry out (or not to own shares in companies that carry out), directly or indirectly, any asset management activities in the territory in which the Pioneer Subsidiaries that are part of the Sale (with the exception of the territories in which the Pioneer Companies, which will not be subject of the Sale, will continue to operate, in which case only

such subsidiaries should be subject to the same non-compete obligations) operate for a period of three years from the closing date of the Sale (with the exception of the circumstances expressly provided for in the Master Sale and Purchase Agreement); and (ii) not to prepare offers of employment aimed at the senior managers of the Pioneer Subsidiaries that are part of the Sale for a period of two years from the closing date of the Sale.

Pioneer Companies means UniCredit, PGAM and the Pioneer companies, including the companies directly and/or indirectly controlled subject to the Sale, as defined pursuant to the Master Sale and Purchase Agreement.

Distribution agreements

In the context of the Sale it is provided for that UniCredit, UCB AG and UCB Austria will sign separate distribution agreements with some of the Pioneer Companies (the **Distribution Agreements** and, each, the **Distribution Agreement**).

Through the signing of the Distribution Agreements, the parties intend to establish and govern a commercial relationship aimed at the distribution to investors, by UniCredit, on a non-exclusive basis, of financial products of certain Pioneer Companies. The Distribution Agreements will have a term of ten years, subject to renewal for additional five-year periods, unless terminated by one of the parties. In addition, UniCredit, UCB AG, and UCB Austria may terminate the Distribution Agreements by written notification respectively to PGAM, Pioneer Investments Kapitalanlagegesellschaft GmbH and Pioneer Investment Austria GmbH, in the event of an insolvency event as described pursuant to each Distribution Agreement. In such case, the obligation provided by the Distribution Agreements of the respective parties will cease to have any effect, subject to continued effectiveness of, *inter alia*, the provisions related to the compliance with the applicable rules, to the confidentiality, to the correspondence between the parties, the governing law, the competent jurisdiction, and the previous agreements entered into between the relevant parties will continue to have effect. Moreover, as noted above, upon the occurrence of certain termination events, the Sale price may be increased or decreased.

Specifically, the above-mentioned UniCredit Group companies will be obliged to reach certain contractually agreed market shares in terms of sales volumes each year, with the consideration calculated as a percentage of the management fees applicable to the financial products distributed.

Lastly, if the UniCredit Group companies that are part of the Distribution Agreements do not comply with certain obligations, they will be obligated, depending on the case and in any case in compliance with the applicable law, to pay their respective counterparties an indemnity equal to the lost earnings suffered by the same or to receive a reduced fee for the services rendered. Similarly, failure by the relevant Pioneer Companies to comply with their commitments undertaken in the Distribution Agreements would cause a reduction of the sales volumes that the UniCredit Group companies are obliged to reach pursuant to the above agreements.

Sale of Bank Pekao

Agreement for the accelerated bookbuilding procedure

On 12 July 2016, UniCredit completed a sale to institutional investors by way of an accelerated bookbuilding of 26,200,000 ordinary shares, or 10 per cent. of total outstanding share capital, of Bank Pekao, for PLN 126 per share (equal to approximately €28.53 at the date that the transaction was completed). The settlement of the transaction occurred on 15 July 2016 and the total consideration was equal to approximately PLN 3.3 billion (equal to approximately €749 million at the date that the transaction was completed), not subject to price adjustment mechanisms. The transaction, which has not entailed the consolidation of the group headed by Bank Pekao, generated an overall positive change in consolidated shareholders' equity, equal to €203 million.

In the placement agreement with Morgan Stanley & Co. International plc., Citigroup Global Markets Limited, UBS Limited, Dom Maklerski Banku Handlowego Spółka Akcyjna and UniCredit Bank AG, Milan Branch (who acted as joint bookrunners), UniCredit gave market-standard representations and warranties.

UniCredit has also undertaken to indemnify and hold harmless, in accordance with the relevant provisions governing the compensation for damages pursuant to the applicable law, the joint bookrunners and their affiliates as well as their respective directors, officers, agents and employees controlling the joint bookrunners or any of their respective affiliates, from and against any and all damages, losses, claims or liability arising out of, *inter alia*, any breach or alleged breach by UniCredit of the representations and warranties or any failure or alleged failure by UniCredit to perform its obligations.

In the context of such transaction, UniCredit gave an undertaking not to dispose of further Bank Pekao shares for a period of 90 days from the transaction's settlement date.

Share Purchase Agreement

On 8 December 2016, UniCredit signed an agreement (such an agreement, as subsequently amended, the **Share Purchase Agreement**) with Powszechny Zakład Ubezpieczeń S.A. (**PZU**) and Polski Fundusz Rozwoju S.A. (**PFR**) for the sale of an equity investment in Bank Pekao equal to approximately 32.8 per cent. of its share capital.

The price agreed for the sale of the above-mentioned stakeholding in Bank Pekao to PZU and PFR is PLN 123 (equivalent to approximately €28 at the exchange rate recorded on 8 December 2016) per share or PLN 10,589 million in total (equivalent to €2,377 million at the exchange rate on 8 December 2016) and equal to 1.42 times the shareholders' equity of Bank Pekao at 30 September 2016. The Share Purchase Agreement does not include price adjustment mechanisms, with the exception of the reduction of the sales price to the extent of the amount of dividends paid in favour of UniCredit and any financial outlays, as defined pursuant to the Share Purchase Agreement (e.g. distributions, payments, waivers in favour of UniCredit or its subsidiaries not agreed between the parties), in which Bank Pekao and its subsidiaries were/are involved in between 30 September 2016 and the completion date of the sale.

In addition, UniCredit agreed with PZU and PFR the sale of further equity investments in the Group Polish companies: Pioneer Pekao Investment Management SA, Pekao Pioneer PTE SA and Dom Inwestycyjny Xelon SP. Z O.O. (the only stake held directly by UniCredit), for a total price of approximately €142 million. On 1 June 2017, UniCredit has entered into an agreement with Bank Pekao S.A. for the disposal of the above mentioned participations at the agreed total price. Closing of the transaction, subject to regulatory approval, is expected for the second half of 2017. As a result of this transaction Bank Pekao S.A. will be the sole shareholder of the aforementioned companies.

The Share Purchase Agreement contains a set of market-standard representations and warranties granted by UniCredit, as seller.

In addition, if UniCredit breaches the representations and warranties as well as its obligations pursuant to the Share Purchase Agreement, the Issuer must pay PZU and PFR a certain sum as compensation or by way of the penalty clause depending on the case and pursuant to Polish law. The total aggregate amount of UniCredit liability arising in connection with a breach of a "Pekao Fundamental Warranty" is limited to the total amount equal to 100 per cent. of the overall price paid by PZU and PFR as consideration. The total aggregate amount of UniCredit liability for any and all claim arising in connection with a breach of the Representations and Warranties other than the "Pekao Fundamental Warranties" as well as of certain obligations pursuant to the Share Purchase Agreement is limited to the total amount equal to 15 per cent. of the overall price paid by PZU and PFR as consideration.

The Share Purchase Agreement also provides for certain indemnity obligations to be borne by UniCredit relating to Bank Pekao's CHF exchange rate exposure in connection with the CHF-denominated agreements entered into by Bank Pekao in the event of regulatory changes that may result in additional costs for the bank.

In addition to these obligations, the Share Purchase Agreement includes further restrictions, which apply from the 26th day after the date on which the conditions precedent are satisfied, or have been waived, until 31 December 2019, pertaining to UniCredit with regard to, *inter alia*, its operation, directly or indirectly, on Polish soil (including cross-border transactions), its subscription to shares in Polish banks and, in any event, any activity in competition with Bank Pekao and its subsidiaries (as defined pursuant to the Share Purchase Agreement). Notwithstanding the exceptions pursuant to the Share Purchase Agreement, in case of breach of such non-competition undertakings, PZU and PFR shall be entitled to receive an indemnity to be determined according to the mechanisms provided for in the Share Purchase Agreement.

Following the satisfaction of the conditions precedent required by the Share Purchase Agreement, specifically including the receipt of approvals from the PFSA and Polish antitrust authority (Prezes Urzędu Ochrony Konkurencji i Konsumentów) and Ukrainian antitrust authority (Антимонопольний комітет України), on 7 June 2017 UniCredit has completed the disposal of the 32.8 per cent. shareholding held in Bank Pekao S.A. to Powszechny Zakład Ubezpieczeń S.A. (PZU) e Polski Fundusz Rozwoju S.A. (PFR) for the agreed price

consideration equal to PLN 123 per share, and therefore equal to PLN 10.6 billion for the shareholding sold. Terms and conditions of the transaction, as announced on 8 December 2016, remain unchanged.

Secured equity-linked certificates

On 8 December 2016, UniCredit, in order to dispose of its residual equity investment in Bank Pekao equal to 7.3 per cent. of the share capital, issued 1,916 secured equity-linked certificates (the **Certificates**), guaranteed by a pledge on the Bank Pekao shares (the **Pekao Shares**) and with mandatory regulation in Bank Pekao ordinary shares, on or before 15 December 2019 (the **Expiration Date**). At the date of this Base Prospectus, following the exercise of Voluntary Settlement at the Option of the Holder (as defined below), UniCredit reduced its stakeholding in Bank Pekao from 40.1 per cent, to 39.06 per cent..

The reference price per share was set at €27.0294, equal to the average weighted price for volumes of Bank Pekao shares on the Warsaw Stock Exchange on 9 December 2016, converted into Euros at an exchange rate of 4.4448 on 9 December 2016. The issue price of the Certificates was set at €232,047.40 each or approximately €444.6 million overall.

The number of Pekao Shares underlying Certificates is 19,160,000 (the **Underlying Shares**), corresponding to an aggregate reference amount relating to the issuance of Certificates equal to €517,883,304.00 (equivalent to a reference amount per certificate of €270,294.00 (the **Reference Amount**)).

Unless previously settled at the option of UniCredit (the **Voluntary Settlement at the Option of the Issuer**) or the holders of the Certificates (the **Voluntary Settlement at the Option of the Holder**), or upon the occurrence of Accelerated Settlement Events (as defined below), and subject to UniCredit's cash settlement option (the **Cash Settlement**), each Certificate will be mandatorily settled on the Expiration Date by delivery of a number of Pekao Shares equal to the product of the *pro rata* share of the Underlying Shares and a settlement ratio to be determined on the basis of a minimum settlement price initially equal to €27.0294, equivalent to a minimum settlement price per certificate equal to €270,294.00 (the **Minimum Settlement Price**) and a maximum settlement price initially equal to €31.0838, equivalent to a maximum settlement price per certificate equal to €310,838.00 (the **Maximum Settlement Price**), without prejudice to the standard adjustment mechanisms to be applied upon occurrence of extraordinary transactions involving Bank Pekao. At any time during the period from and including 25 January 2017 to and including the 38th scheduled trading day prior to the Expiration Date, UniCredit is entitled to avail itself of the Voluntary Settlement at the Option of UniCredit, upon giving not less than 30 and not more than 60 days' notice to the holders of the Certificates, by delivering to each holder of the Certificates a number of Pekao Shares determined on the basis of a maximum settlement ratio equal to 100 per cent. (equivalent to the Reference Amount divided by the Minimum Settlement Price).

At any time during the period from and including 25 January 2017 to and including the 38th scheduled trading day prior to the Expiration Date, the holders of the Certificates have the right to avail themselves of the Voluntary Settlement at the Option of the Holder, by receiving a number of Pekao Shares determined on the basis of a minimum settlement ratio equal to 87 per cent. (equivalent to the Reference Amount divided by the Maximum Settlement Price).

Upon settlement of any Certificates, UniCredit will be entitled to proceed with the Cash Settlement, to deliver the relevant Underlying Shares or any combination thereof, except upon the occurrence of an automatic accelerated settlement event as provided for in the terms and condition of the Certificates (the **Automatic Accelerated Settlement Event**), in which case there will be no Cash Settlement.

Upon the occurrence of an accelerated settlement event provided for in the terms and conditions of the Certificates (the **Accelerated Settlement Events**), including, but not limited to, the default by UniCredit to comply with its payment obligations as well as with other binding provisions arising out of the issuance of the Certificates, the subjection of UniCredit to insolvency proceedings or to an order for the compulsory winding-up, as well as the liquidation or dissolution of UniCredit, UniCredit shall proceed with the accelerated settlement by delivering to each holder of the Certificates a number of Pekao Shares determined on the basis of a ratio equal to the Reference Amount divided by the Minimum Settlement Price.

MANAGEMENT

Board of Directors

The board of directors (the **Board** or the **Board of Directors**) is responsible for the strategic supervision and management of UniCredit and the Group and it may delegate its powers to the Chief Executive Officer (**CEO**) and other Board members.

The Board is elected by UniCredit shareholders at a general meeting for a three financial year term, unless a shorter term is established upon their appointment, and Directors may be re-elected. Under UniCredit by-laws, the Board is composed of between a minimum of 9 and a maximum of 24 Directors.

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 13 May 2015 for a term of three financial years and is composed of 17 members. The term in office of the current members of the Board will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2017.

The Board can appoint one or more General Managers and/or one or more Deputy General Managers, establishing their roles and areas of competence. Should a Chief Executive Officer not have been appointed, the Board of Directors shall appoint a sole General Manager, and can appoint one or more Deputy General Managers, establishing their roles and areas of competence. The Board has appointed Mr. Jean Pierre Mustier as CEO to whom it has entrusted the management of the Company within the terms and limits set forth by the Board itself.

Taking into account the changes that occurred in the composition of the supervisory body after the above-mentioned Shareholders' Meeting of 13 May 2015, the following table sets forth the current members of UniCredit's Board of Directors.

Name	Position
Giuseppe Vita ¹	Chairman
Vincenzo Calandra Buonauro ¹	Deputy Vice Chairman
Jean Pierre Mustier ¹⁻³⁻⁴	Chief Executive Officer
Mohamed Hamad Al Mehairi ²⁻⁵	Director
Sergio Balbinot ¹⁻⁶	Director
Cesare Bioni ²	Director
Henryka Bochniarz ²	Director
Martha Dagmar Böckenfeld ²⁻⁷	Director
Alessandro Caltagirone ²	Director
Luca Cordero di Montezemolo ²⁻⁸	Director
Fabrizio Palenzona ¹⁻⁹	Director
Lucrezia Reichlin ²	Director
Clara-C. Streit ²	Director
Paola Vezzani ²	Director

Name	Position
Alexander Wolfgring ²	Director
Anthony Wyand ¹	Director
Elena Zambon ²	Director

Notes:

- (1) Director that does not meet the independence requirements pursuant to Clause 20 of the Articles of Association and Section 3 of the Corporate Governance Code.
- (2) Director that meets the independence requirements pursuant to Clause 20 of the Articles of Association, Section 3 of the Corporate Governance Code and Section 148 of the Financial Services Act.
- (3) Director that does not meet the independence requirements pursuant to Section 148 of the Financial Services Act.
- (4) Director co-opted on 30 June 2016 following the resignation of Mr. Manfred Bischoff and confirmed by the Shareholders' Meeting on 12 January 2017. Mr. Mustier as from 12 July 2016 took on the office as CEO in place of Mr. Federico Ghizzoni, who at the same date stepped down from the Board of Directors.
- (5) Director co-opted on 15 October 2015 following the resignation of Mr. Mohamed Badawy Al-Husseiny and confirmed by the Shareholders' Meeting on 14 April 2016.
- (6) Director co-opted on 9 June 2016 following the resignation of Ms. Helga Jung and confirmed by the Shareholders' Meeting on 12 January 2017.
- (7) Director co-opted on 22 September 2016 bringing back the number of the Board of Directors members to the one resolved upon with the resolution taken by the Shareholders' Meeting on 13 May 2015; confirmed by the Shareholders' Meeting on 12 January 2017.
- (8) Mr. Cordero di Montezemolo stepped down from his role as Vice Chairman on 20 April 2017.
- (9) Mr. Palenzona stepped down from his role as Vice Chairman on 1 March 2017.

The business address for each of the foregoing Directors is UniCredit's head office.

Other principal activities performed by the members of the Board which are significant with respect to UniCredit are listed below:

Giuseppe Vita

- Chairman of the Supervisory Board of Axel Springer SE – Germany
- Member of the Board of Directors of ABI - Italian Banking Association – Italy
- Member of the General Council of Aspen Institute Italia
- Member of the Trilateral Commission – Italian Group
- Member of the Board of Directors and of the Executive Committee of ISPI – Istituto per gli Studi di Politica Internazionale – Italy
- Member of the Corporate Governance Committee of Borsa Italiana
- Member of "Collegio di Indirizzo" of Fondazione Bologna Business School – Italy
- Member of European Financial Roundtable – Belgium
- Honorary Chairman of Deutsche Bank S.p.A. – Italy

Vincenzo Calandra Buonauro

- Member of the Board of Directors of ABI – Italian Banking Association
- Freelance lawyer

Jean Pierre Mustier

- Shareholder of TAM S.à r.l.
- Shareholder of F.M. Invest SA
- Shareholder of Groupement Forestier Abbaye Grand Mont
- Shareholder of Groupement Forestier Böis/Bengy
- Shareholder of TAM Eurl
- Shareholder of Chelsea Real Estate
- Shareholder of HLD Associés
- Shareholder of Winevest
- Shareholder of Eastern Properties
- Shareholder of Bankable
- Shareholder of Dashlane Inc.
- Shareholder of Chili Piper Inc.

Mohamed Hamad Al Mehairi

- Aabar Investments PJS (Aabar) – CEO and Board Member
- Arabtec Holding PJSC (Arabtec) – Board Member
- Al Hilal Bank – Board Member
- Qatar Abu Dhabi Investment Company (QADIC) – Board Member
- Pak-Arab Refinery Ltd. (PARCO) – Vice Chairman of the Board
- Palmassets S.A. – Board Member
- DEPA Limited – Board Member
- Emirates Investment Authority – Board Member

Sergio Balbinot

- Member of the Management Board of Allianz SE
- Member of the Board of Directors of Allianz France S.A.
- Member of the Board of Directors of Allianz Sigorta S.A.
- Member of the Board of Directors of Allianz Yasam ve Emeklilik A.S.
- Member of the Board of Directors of Bajaj Allianz Life Insurance Co. Ltd
- Member of the Board of Directors of Bajaj Allianz General Insurance Co. Ltd

- Member of the Board of Directors of Borgo San Felice S.r.l.
- Chairman of Insurance Europe

Cesare Bioni

- none

Henryka Bochniarz

- President, Polish Confederation Lewiatan (Konfederacja Lewiatan)
- Deputy Chairman of Business Europe
- Member of the Supervisory Board of FCA Poland SA
- Member of the Supervisory Board, Orange Polska SA
- Member of the International Council Advisory Board, “Leon Kozminski” University
- Co-founder of the Congress of Women and the Congress of Women Association
- Chairperson of the joint Polish-Japanese Economic Committee
- Deputy Chairman Social Dialogue Council

Martha Dagmar Böckenfeld

- Chairman of the Supervisory Board of Scope Corporation AG, Germany; Scope Ratings AG, Germany
- Member of the Board of Directors of the following Generali (Switzerland) Holding Ltd. companies:
 - Generali Personenversicherungen AG
 - Generali General Insurance Ltd.
 - Fortuna Rechtsschutz-Versicherungs-Gesellschaft AG
 - Fortuna Investment AG

Alessandro Caltagirone

- Board Members of ACEA S.p.A.
- Vice Chairman of Aalborg Portland Holding A/S
- Board Member and Executive Committee Member of Vianini Lavori S.p.A.
- Chief Executive of Vianini Ingegneria S.p.A.
- Board Member of Il Messaggero S.p.A.
- Board Member of Cementir Holding S.p.A.
- Board Member of Caltagirone S.p.A.
- Board Member of Il Gazzettino S.p.A.

- Board Member of GloboCem A.L.
- Board Member of Cementir Espana A.S.
- Board Member of Aalborg Portland Espana SL
- Chairman of the Board of Yapitek Teknolojisi San. Ve Tic. A.S.
- Investment Committee Member of Fabrica Immobiliare SGR S.p.A.
- Board Member of Fincal S.A.
- Chief Executive of Finanziaria Italia 2005 S.p.A.
- Chairman of the Board of Ical S.p.A.
- Chief Executive of Corso 2009 S.r.l.
- Board Member of Ical 3 S.r.l.

Luca Cordero di Montezemolo

- Chairman of Alitalia – Compagnia Aerea Italiana S.p.A.
- Chairman of Telethon
- Chairman of the Promoting Committee for the Rome Candidacy at the 2024 Olympic Games
- Director of Nuovo Trasporto Viaggiatori S.p.A.
- Honorary Chairman of Charme Capital Partners SGR S.p.A.
- Director of Coesia S.p.A.
- Director of Renova Management AG

Fabrizio Palenzona

- Chairman of Assaeroporti S.p.A. – Associazione Italiana Gestori Aeroporti
- Chairman of FAISERVICE SCARL
- Chairman of AISCAT (Italian Association of Toll Motorways and Tunnels Operators)
- Member of the Board of Directors of ABI – Italian Banking Association
- Member of the Executive Committee of Giunta degli Industriali di Roma
- Member of the Board of Directors of Università degli Studi del Piemonte Orientale “Amedeo Avogadro”

Lucrezia Reichlin

- Member of the Scientific Board of over ten international institutions, including universities and banks; various editorial activities on international journals; "Fellow" at the Centre for European Policy Research, London; "Fellow" of the European Economic Association; "Fellow" of the British Academy.
- Chairperson and Co Founder and Director of Now Casting Economics Ltd.

- Member of the Board of Directors of Messaggerie Italiane S.p.A.
- Member of the Board of Directors of AGEAS Insurance Group SA/NV
- Member of Commission Economique de la Nation (Advisory Board to the French finance and economics ministers)
- Chair of the Scientific Council, Bruegel, Bruxelles
- Columnist of Corriere della Sera
- Member of the Board of Directors of “Associazione Borsisti Marco Fanno”
- Member of the Board of Directors of Eurobank

Clara-Christina Streit

- Member of the Board of Directors and Member of the Audit Committee of Jeronimo Martins SGPS S.A., Lisbon
- Member of the Supervisory Board, Member of the Risk Committee and the Nomination and Corporate Governance Committee of NN Group NV, The Netherlands
- Member of the Supervisory Board, Chair of the Finance Committee and Member of the Chairman's Committee of Vonovia SE, Dusseldorf
- Member of the Board of Directors, Member of the Nomination and Compensation Committee of Vontobel Holding AG, Zurich

Paola Vezzani

- Full Professor of Financial Intermediaries and Markets – University of Modena e Reggio Emilia
- Rector's Delegate for the Third Mission (Reggio Emilia campus)

Alexander Wolfgring

- Member of the Board of Directors (Executive Director) of Privatstiftung zur Verwaltung von Anteilsrechten, Vienna
- Member of the Board of Directors of AVZ GmbH, Vienna
- Member of the Board of Directors of AVZ Holding GmbH, Vienna
- Member of the Board of Directors of AVZ Finanz-Holding GmbH, Vienna
- Member of the Supervisory Board of Österreichisches Verkehrsbüro AG, Vienna
- Chairman of the Supervisory Board of Verkehrsbüro Touristik GmbH
- Member of the Board of Directors of AVB Holding GmbH, Vienna
- Member of the Board of Directors of API Besitz, GmbH, Vienna
- Member of the Board of Directors of Mischek Privatstiftung, Vienna

Anthony Wyand

- Member of the Board of Directors of Société Foncière Lyonnaise S.A.
- Chairman of Cybèle Asset Management

Elena Zambon

Zambon Group:

- Vice President of GEFIM S.p.A.
- Member of the Board of Directors of ENAZ S.r.l.
- Member of the Board of Directors of IAVA S.r.l.
- Member of the Board of Directors of ITAZ S.r.l.
- Member of the Board of Directors of TANO S.r.l.
- Member of the Board of Directors of CLEOPS S.r.l.
- Member of the Board of Directors of Zambon Company S.p.A.
- President of Zambon S.p.A.
- Vice President of Zach Systems S.p.A.
- Member of the Board of Directors of Zeta Cube S.r.l.
- Member of the Board of Directors of Zambon Immobiliare S.p.A.
- Member of the Board of Directors of ANGAMA S.r.l.
- President of Fondazione Zoè (Zambon Open Education)

Offices extra Zambon Group:

- President of Aidaf
- Member of the Board of Directors of FBN – Family Business Network
- Member of the Board of Directors of Istituto Italiano di Tecnologia (IIT)
- Vice President of Aspen Institute Italia
- Member of the Board of Directors of Ferrari N.V.

Senior Management

The following table sets out the name and title of each of the senior managers of the Issuer and of the Group:

Name	Title	Other principal activities performed by the Senior Managers which are significant with respect to UniCredit
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Jean-Pierre Mustier	Chief Executive Officer	Please see Management – Board of Directors
Gianni Franco Papa	General Manager	Bank Pekao SA – Deputy Chairman of the Supervisory Board UniCredit Bank Austria AG – Member of the Supervisory Board UniCredit Bank AG – Chairman of the Supervisory Board; Anthemis Evo LLP – Chairman of the Management Board ABI – Associazione Bancaria Italiana – Member of the Board of Directors and Executive Committee
Gianpaolo Alessandro	Head of Group Legal	Compagnia Aerea Italiana SpA – Member of the Board of Directors MIDCO SpA – Member of the Board of Directors
Carlo Appetiti	Group Compliance Officer	None
Paolo Cornetta	Head of Group Human Capital	UniCredit Foundation (Unidea) – Vice Chairman of the Board of Directors ES Shared Service Center S.p.A. – Member of the Board of Directors UniCredit Bank AG – Member of Supervisory Board and Chairman of Remuneration Control Committee UniCredit Bank Austria AG – Member of the Supervisory Board ABI (Italian Banking Association) – Member of the Board of Directors and member of the Committee on Labour and Industrial Relations (Casl)
Serenella Candia	De Head of Internal Audit	None
Ranieri Marchis	de Co-Chief Operating Officer	Fondo Interbancario di Tutela dei Depositi – Member of the Board of Directors, Member of the Management Committee and of the Management Board of the Voluntary Scheme Atlante Fund – Member of the Investments Committee Atlante II Fund – Member of the Investments

		Committee;
		ABI - Associazione Bancaria Italiana – Deputy Vice Chairman of the Board of Directors and member of the Executive Committee
		UniCredit Business Integrated Solutions Scpa – Chairman of the Board of Directors and member of the Internal Control and Risks Committee
		UniCredit Bank Austria AG – Deputy Chairman Supervisory Board and Chairman of the Nomination Committee and Vice Chairman of the Remuneration Committee
		Anthemis Evo Llp – Member of the Management Board
Massimiliano Fossati	Chief Risk Officer	Bank Pekao SA – Member of the Supervisory Board
		UniCredit Bank Austria AG – Member of the Supervisory Board
		Fondo Atlante – Member of the Investments Committee
Francesco Giordano	Co-Chief Operating Officer and <i>Dirigente Preposto</i> (Manager charged with preparing the company financial reports)	UniCredit Business Integrated Solutions – Deputy Chairman Board of Directors
		Pioneer Global Asset Management Spa – Member of the Board of Directors
		UniCredit Bank Ag – Member Supervisory Board
		Anthemis Evo Llp – Member of the Management Board

The business address for each of the foregoing members of UniCredit's senior management is UniCredit's head office.

Board of Statutory Auditors

The UniCredit Board of Statutory Auditors (the **Board of Statutory Auditors**) supervises compliance with laws, regulations and the UniCredit's Articles of Association, the adequacy and functionality of the organisational and accounting structure of UniCredit as well as the overall functionality of the internal control system, with particular focus on risk management. The Board of Statutory Auditors supervises the financial disclosure process, the external auditing of the individual and consolidated financial statements and monitors the independence of the external audit firm. The Board of Statutory Auditors shall also report any irregularities or violations of the legislation to the Bank of Italy and, where required, to other supervisory authorities, and shall report to the Shareholders' Meetings called to approve UniCredit's financial statements on the supervisory activity performed and on any omissions and censurable detected facts.

The Board of Statutory Auditors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 14 April 2016 for a term of three financial years and its members may be re-elected. Pursuant to the provisions of the UniCredit's Articles of Association, the Board of Statutory Auditors consists of five permanent statutory auditors, including a Chairman. Furthermore, the above-mentioned Shareholders' Meeting appointed four stand-in statutory auditors.

The term in office of the current members of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2018.

All of the members of the Board of Statutory Auditors in office are enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance. The business address for each of the members of the Board of Statutory Auditors is UniCredit's head office.

The information on the Board of Statutory Auditors and its update is available on the UniCredit website.

Taking into account the changes that occurred in the composition of the controlling body after the above Shareholders' Meeting of 14 April 2016, the following table sets out the current members of UniCredit's Board of Statutory Auditors:

Name	Position
Pierpaolo Singer	Chairman
Angelo Rocco Bonissoni	Statutory Auditor
Benedetta Navarra	Statutory Auditor
Guido Paolucci ⁽¹⁾	Statutory Auditor
Maria Enrica Spinardi	Statutory Auditor

(1) Mr. Paolucci took office under Article 2401 of the Italian Civil Code in replacement of Mr. Enrico Laghi who resigned on 2 May 2017.

Other principal activities performed by the Statutory Auditors of UniCredit which are significant for UniCredit are listed below:

Pierpaolo Singer

- Statutory Auditor of e-distribuzione S.p.A.
- Chairman of the Board of Statutory Auditors of Ligresta Due S.r.l. (Fintecna Group)
- Statutory Auditor of Condag S.p.A. in Liquidazione
- Statutory Auditor of Visionaria S.p.A.
- Chairman of the Board of Statutory Auditors of M.A.S. S.p.A.
- Chairman of the Board of Statutory Auditors of Sinergica S.p.A.
- Sole Auditor of Enel Green Power Africa S.r.l.
- Member of the Supervisory Body pursuant to Legislative Decree 231/2001 of Thales Alenia Space S.p.A.
- Statutory Auditor of NBI S.p.A.

Angelo Rocco Bonissoni

- Attorney of Nuova CPS Servizi S.r.l.
- Member of Board of Director of BAN – UP S.p.A.

- Member of Audit Committee of UniCredit BulBank
- Statutory Auditor of CDP Reti S.p.A.

Benedetta Navarra

- Member of the Supervisory Board of UniCredit Bank Czech Republic and Slovakia, a.s.
- Member of the Board of Directors of A.S. Roma S.p.A.
- Statutory Auditor of buddy servizi molecolari S.p.A.
- Statutory Auditor of LVenture Group S.p.A.
- Chairman of the Supervisory Body pursuant to legislative Decree 231/2001 of Equitalia Giustizia S.p.A.
- Member of Audit Committee of UniCredit BulBank
- Statutory Auditor of CDP Reti S.p.A.

Guido Paolucci

- Chairman of the Board of Statutory Auditors of Ecofuel S.p.A.
- Chairman of the Board of Statutory Auditors of Raffineria di Gela S.p.A.
- Chairman of the Board of Statutory Auditors of Telecontact Center S.p.A.
- Chairman of the Board of Statutory Auditors of Telecom Italia San Marino S.p.A.
- Chairman of the Board of Statutory Auditors of Telefonía Mobile Sammarinese S.p.A.
- Statutory Auditor of Advanced Caring Center S.r.l.
- Statutory Auditor of Italtel Group S.p.A.
- Statutory Auditor of Società Gestione Servizi BP S.C.p.A
- Statutory Auditor of Salone S.p.A.
- Statutory Auditor of Nuova Compagnia di Partecipazioni S.p.A.
- Chairman of the Board of Statutory Auditors of Officinae Verdi S.p.A.
- Director of Fondazione "Casa Sollievo della Sofferenza"
- Statutory Auditor of Edile Leonina S.p.A.
- Statutory Auditor of Società Italiana di Monitoraggio S.p.A.
- Statutory Auditor of Officine NPL S.p.A.
- Member of Management Control Committee of Saving & Consulting S.p.A.
- Statutory Auditor of Publispei S.r.l.

- Statutory Auditor of Immobiliare Veronica 84 S.r.l. In Liquidazione

Maria Enrica Spinardi

- Statutory Auditor of Comset S.p.A.
- Statutory Auditor of Atla S.r.l.
- Statutory Auditor of Webasto S.p.A.
- Statutory Auditor of Fibre e Tessuti Speciali S.p.A.
- Statutory Auditor of Cuki Cofresco S.p.A.
- Statutory Auditor of Asics Italia S.r.l.
- Statutory Auditor of G.G. Family Group S.r.l.
- Statutory Auditor of Hexagon Metrology S.p.A.
- Statutory Auditor of RDZ S.p.A.
- Alternative Auditor of Cuki S.p.A.

Conflicts of Interest

As at the date of this 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 2016, incorporated by reference herein.

Notwithstanding the obligations of Article 2391 of the Civil Code, UniCredit and its corporate bodies have adopted measures and procedures to ensure compliance with the provisions relating to transactions with its Corporate Officers, as well as transactions with related parties and affiliated entities.

External Auditors

At the Ordinary and Extraordinary Shareholders' Meeting of UniCredit held on 11 May 2012, Deloitte & Touche S.p.A. (**Deloitte**) has been appointed to act as UniCredit's external auditor for the 2013-2021 nine-year period, pursuant to Section 13, paragraph 1, of Legislative Decree No. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

Description of UniCredit Ireland

HISTORY

UniCredit Bank Ireland p.l.c. (**UniCredit Ireland**) was incorporated in Ireland on 7 November 1995 under the Irish Companies Act 1963 (as amended). UniCredit Ireland changed its name from Credito Italiano (Ireland) Limited to Credito Italiano Bank (Ireland) Limited on 19 December 1997 and received a banking licence from the Central Bank of Ireland on 24 December 1997 pursuant to section 9 of the Irish Central Bank Act 1971 (as amended). Registration as a public limited company was completed on 2 April 1998. UniCredit Ireland changed its name to UniCredito Italiano Bank (Ireland) p.l.c. on 1 November 1999 and to UniCredit Bank Ireland p.l.c. on 12 December 2007.

UniCredit Ireland is registered under the Irish Companies Act 2014 with the Registrar of Companies in Dublin under registration number 240551 and has its registered office at La Touche House, International Financial Services Centre, Dublin 1, Ireland, telephone number +353 1 670 2000.

UniCredit Ireland is an autonomous operating unit within the wider Group and as a fully owned subsidiary is subject to the coordination and support of the parent entity. This support extends to UniCredit Ireland's financial dependence as evidenced by UniCredit's injection of €2.2 billion in share capital and capital contributions to facilitate its ongoing trading activities.

UniCredit Ireland is engaged in the business of banking and provision of financial services. Its main business areas include credit and structured finance (including investing in loans, bonds, securitisation and other forms of asset financing), treasury activities (money market, repurchase agreements or "repos", Euro Over Night Index Average (EONIA) and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.

CORPORATE OBJECTS

The purpose of UniCredit Ireland, as set out in Article 3 of the Articles of Association, is to carry on the business of banking.

RECENT EVENTS

There are no recent events particular to UniCredit Ireland which are to a material extent relevant to an evaluation of UniCredit Ireland's solvency.

PRINCIPAL MARKETS

In market terms, UniCredit Ireland focuses on the business of credit and structured finance, treasury activities and the issue of certificates of deposit and structured notes primarily in Europe and North America.

RECENT INVESTMENTS

UniCredit Ireland did not make significant investments since the date of the last published financial statements.

MATERIAL CONTRACTS

UniCredit Ireland has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

DIRECTORS

The following table sets forth the name, position and date of appointment of the current members of the Board of Directors of UniCredit Ireland:

Name	Position	Year First Appointed
Ronan Molony	Chairman	2008
Guy Laffineur	Deputy Chairman	2017
Massimiliano Sinagra	Managing Director	2014
Donal Courtney	Director	2010
Attilio Napoli	Director	2016
Margaret J Gilroy	Director	2013
Andrea Marchetti	Director	2017

The business address for each of the foregoing directors is UniCredit Bank Ireland p.l.c., La Touche House, International Financial Services Centre, Dublin 1, Ireland.

The principal activities performed by the Directors outside UniCredit Ireland are set out briefly below:

Ronan Molony – Chairman of UniCredit Bank Ireland p.l.c.

- Lawyer, partner in McCann FitzGerald
- Member of the Board of Directors of J&E Davy and J&E Davy Holdings
- Member of the Board of Directors of Harbourmaster Property Developments Limited (in Voluntary Liquidation)

Massimiliano Sinagra – Managing Director of UniCredit Bank Ireland p.l.c.

Guy Laffineur – Deputy Chairman of UniCredit Bank Ireland p.l.c.

- Member of the Board of Directors of AFME

Donal Courtney – Director of UniCredit Bank Ireland p.l.c.

- Member of the Board of Directors of Longreach Holdings Ireland Limited
- Member of the Board of Directors of Dell Bank International Limited
- Member of the Board of Directors of Folios Ltd
- Member of the Board of Directors of Boardwalk Finance Ltd
- Member of the Board of Directors of Sanne Capital Markets Ireland Limited
- Member of the Board of Directors of IPUT PLC

Andrea Marchetti – Director of UniCredit Bank Ireland p.l.c.

Attilio Napoli – Director of UniCredit Bank Ireland p.l.c.

Margaret J Gilroy – Director of UniCredit Bank Ireland p.l.c.

- Member of the Board of Directors of Castle Mortgages Limited

- Member of the Board of Directors of Emerald Mortgages No. 4 p.l.c.
- Member of the Board of Directors of Emerald Mortgages No. 5 Limited
- Member of the Board of Directors of JGFC Limited
- Member of the Board of Directors of Talos Capital Limited

CONFLICTS OF INTERESTS

UniCredit Ireland is not aware of any potential conflicts of interests between the duties to UniCredit Ireland of the foregoing directors and their private interests or other duties.

EXTERNAL AUDITORS

On 25 May 2017 Deloitte was re-appointed to act as UniCredit Ireland's external auditor.

CAPITAL

The authorised share capital of UniCredit Ireland is €1,343,118,650. There has been no change in the authorised share capital of UniCredit Ireland since 31 December 2016.

Description of UniCredit International Luxembourg

HISTORY

UniCredit International Bank (Luxembourg) S.A. (**UniCredit International Luxembourg**) was incorporated in the Grand Duchy of Luxembourg as a public limited liability company (société anonyme) on 30 September 2004 under the name UniCredit International (Luxembourg) S.A. By a resolution passed at an extraordinary general meeting of shareholders held on 29 October 2004, its articles of incorporation were amended and restated and its name was changed to UniCredit International Bank (Luxembourg) S.A. with effect from 1 November 2004. UniCredit International Luxembourg is incorporated for an unlimited duration.

UniCredit International Luxembourg is a credit institution and is supervised by the CSSF and the ECB as the case may be.

UniCredit International Luxembourg is registered with the Luxembourg trade and companies register under the number B 103.341 and has its registered office at 8-10 rue Jean Monnet, L-2180 Luxembourg, telephone number +352 22 08 42-1 (Switchboard).

UniCredit International Luxembourg is a wholly owned subsidiary of UniCredit subject to the coordination and support of the parent entity and owns a 100 per cent. interest in a subsidiary named UniCredit Luxembourg Finance S.A., whose principal object is the issue of securities in the US market under a USD 10 billion medium term note programme guaranteed by UniCredit S.p.A..

RECENT EVENTS

UniCredit International Luxembourg and UniCredit Luxembourg S.A. have published a partial demerger plan in the Luxembourg official gazette (the **RESA**) (*Recueil Electronique des Sociétés et Associations*) on 14 February 2017 which aims at transferring the Italian private banking business from UniCredit Luxembourg S.A. to UniCredit International Luxembourg in exchange for newly issued shares.

The demerger plan is subject to granting of all required regulatory approvals and shall be authorized, as applicable, by the sole shareholder of UniCredit International Luxembourg and by the sole shareholder of UniCredit Luxembourg S.A. at extraordinary general meetings of shareholders pursuant to article 291 of the Luxembourg Act dated 10 August 1915 on commercial companies, as amended (together, the **Extraordinary General Shareholders Meetings**).

As of the date hereof, the required regulatory approvals have been obtained and it is expected that the partial demerger to be decided at the relevant Extraordinary General Shareholders Meetings which are to take place mid June, will become effective on 1 July 2017.

BUSINESS

UniCredit International Luxembourg is engaged in the business of banking and the provision of financial services.

Currently, its main business areas include:

- treasury activities (money market, repurchase agreements or “repos”, interest rate swaps, foreign exchange)
- issue of certificates of deposit and structured notes;
- selective investments for its own account;
- acting as the reference structure in Luxembourg for the strategic funding activities of the UniCredit Group;
- treasury services for institutional and corporate counterparties; and
- management of the remaining credit portfolio.

Following the partial demerger its activities will in addition extend to the Italian private banking business.

RECENT INVESTMENTS

Subject as described above, UniCredit International Luxembourg has not made any significant investments since the date of its last published financial statements as at and for the year ended 31 December 2016.

CONSTITUTION

UniCredit International Luxembourg was incorporated pursuant to a notarial deed of Maître Frank Baden, a notary resident in Luxembourg, on 30 September 2004. The articles of incorporation of UniCredit International Luxembourg are published in the *Luxembourg Mémorial, Recueil des Sociétés et Associations* No. 1040 of 18 October 2004 on page 49877.

The articles of incorporation of UniCredit International Luxembourg were amended and restated following a notarial deed dated 29 October 2004 and are published, as amended, in the *Luxembourg Mémorial C, Recueil des Sociétés et Associations* No. 1183 of 20 November 2004 on page 56741. The articles of incorporation of UniCredit International Luxembourg were further amended by a decision taken during an extraordinary general meeting of shareholders held on 28 January 2010. Such decision was published in the *Luxembourg Mémorial C, Recueil des Sociétés et Associations* No. 582 of 18 March 2010 on page 27928.

CORPORATE OBJECTS

Pursuant to Article 3 of UniCredit International Luxembourg's articles of incorporation, UniCredit International Luxembourg's corporate objects are the undertaking for its own account, as well as for the account of third parties, or on joint account with third parties, either within or outside the Grand Duchy of Luxembourg, of any banking or financial operations, including (but not limited to) the receipt of sight or term deposits in any currencies whatsoever, the granting of and taking of participations in credits of any nature and in any currency or currencies whatsoever and in any manner whatsoever, the trading of foreign currencies, the safekeeping and managing of securities, the administration and collection of coupons including the powers to make endorsement, the discount, rediscount, selling and settlement transactions, as well as any other transaction relating to bonds, notes, bills of exchange and other obligations of any kind and the power to issue and confirm letters of credit and documentary credits of any kind and the subscription, purchase, holding and disposal of shares, stock, bonds, notes and securities of any kind of and in any other company by any mean whatsoever, in the organisation and management for its own account, as well as for the account of any natural person or any Luxembourg or foreign company, either within or outside the Grand Duchy of Luxembourg, of any financial or commercial investment, the performance of any operation whatsoever relating to the activity of assets manager in the widest sense of the legislation on the financial sector and of the activities of financial adviser, broker and commissioner, the provision of fiduciary and domiciliation services.

UniCredit International Luxembourg can perform all other operations, whether industrial or commercial or on real estate, which directly or indirectly relate to its corporate object in order to facilitate the accomplishment of its purpose.

MATERIAL CONTRACTS

UniCredit International Luxembourg has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

DIRECTORS

UniCredit International Luxembourg is managed by a board of directors composed of at least three members who may, but need not also, be shareholders, who are appointed for a period not exceeding six years by the general meeting of shareholders which may at any time remove them. The directors are eligible for re-appointment.

UniCredit International Luxembourg complies with the laws and regulations of the Grand Duchy of Luxembourg regarding corporate governance.

The number of directors, their term and their remuneration are fixed by the general meeting of the shareholders. UniCredit International Luxembourg is bound vis-à-vis third parties by the sole signature of the Chairman, the Vice-Chairman, a person entrusted with the daily management of UniCredit International Luxembourg or by the joint signature of two other directors.

As at the date of this Base Prospectus, the following table sets out the name, position and business address of the current members of the board of directors of UniCredit International Luxembourg:

Name	Title	Address
Patrick Gérard Santer	Chairman	8–10, Rue Jean Monnet, L-2180 Luxembourg
Alessandro Brusadelli	Vice-Chairman	3, Piazza Gae Aulenti, I-20154 Milan
Stefano Ceccacci	Director	3, Piazza Gae Aulenti, I-20154 Milan
Michaela Ehrhardt	Director	8–10, Rue Jean Monnet, L-2180 Luxembourg
Federico Granito	Director	3, Piazza Gae Aulenti, I-20154 Milan

The principal activities performed by the Directors outside UniCredit International Luxembourg are set out briefly below:

Patrick Gérard Santer – Chairman of the Board of Directors

Lawyer, member of the “*Conseil d’Etat*” of the Grand-Duchy of Luxembourg

Alessandro Brusadelli – Vice-Chairman of the Board of Directors

Head of Group Strategic Funding & Balance Sheet Management – Group Finance Department - UniCredit S.p.A. Milan

Stefano Ceccacci

Head of Tax Affairs – UniCredit S.p.A. Milan

Michaela Ehrhardt

C.E.O. of UniCredit Luxembourg S.A.

Federico Granito

Head of Fair Value in Planning, Finance & Administration Department – UniCredit S.p.A. Milan

CONFLICT OF INTERESTS

UniCredit International Luxembourg is not aware of any potential conflicts of interests between the duties to UniCredit International Luxembourg of the Directors and their private interests or other duties.

EXTERNAL AUDITORS

On 6 March 2013 the Board of Directors appointed as independent auditors (*réviseur d’entreprises agréé*) of UniCredit International Luxembourg for a period ending on the date of the annual General Meeting of the Shareholders of the year 2022 Deloitte Audit S.à r.l., 560, Rue de Neudorf, L-2220 Luxembourg. Deloitte Audit S.à r.l. is an approved audit firm in Luxembourg, registered with the Luxembourg trade and companies register under the number B 67.895.

Book Entry Clearance Systems

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor, the Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records 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 Issuers and the Guarantor 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 and 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 (For the avoidance of doubt the content of the website 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 relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to 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 relevant Issuer or the Guarantor, 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 relevant Issuer or the Guarantor, 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 depositary 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 depositary 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 depositary). 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. None of the Issuers nor the Guarantor 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 relevant 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 relevant 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 Issuers expect DTC to credit the accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the relevant Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

TRANSFERS OF NOTES REPRESENTED BY REGISTERED GLOBAL NOTES

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form (see "*Form of the Notes*"). Similarly, because DTC can only act on behalf of Direct Participants

in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or 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 Participants 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 Issuers, the Guarantor, 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 Issuers, the Guarantor, 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.

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 Notes issued by an Italian resident issuer

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

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.

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 under (a), (b) or (c) above opted for the application of the *risparmio gestito* regime – see under “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 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(100-114) of Law No. 232 of 11 December 2016 (the **Finance Act 2017**).

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 (**Real Estate SICAFs**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the Real Estate

SICAF, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.

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 the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period to be subject to a 20 per cent. substitute tax.

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

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

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

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended by future decrees issued pursuant 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 resident in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List, even if it does not possess the status of taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 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.

Tax treatment of Notes issued by a non-Italian resident issuer

Decree 239 also provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by a non-Italian resident issuer.

Italian resident Noteholders

Where the Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity, to which the relevant Notes are connected, (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 under (a), (b) or (c) above opted for the application of the *risparmio gestito* regime – see under “Capital gains tax” below), interest, premium and other income relating to Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent. In the event that Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the 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(100-114) of the Finance Act 2017.

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

Under the current regime provided by Decree 351 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 the Financial Services Act or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 and Real Estate SICAFs, are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or the Real Estate SICAF, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.

If the investor is resident in Italy and is a Fund, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management result of the Fund. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Withholding Tax will apply, in certain circumstances, to subsequent distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by an Intermediary.

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

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

Non-Italian resident Noteholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes issued by a non-Italian resident issuer, provided that, if such Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

Payments made by an Italian resident guarantor

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973. In case of payments to non-Italian resident Noteholders, the final withholding tax may be applied at 26 per cent.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 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.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the 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.

In the case of Notes issued by an Italian resident issuer, where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected; (b) an Italian company or a similar Italian commercial entity; (c) a permanent establishment in Italy of a foreign entity; (d) an Italian commercial partnership; or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

If the Notes are issued by a non-Italian resident issuer, the withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (a) a company or similar commercial entity (including the Italian permanent establishment of foreign entities); (b) a commercial partnership; or (c) a commercial private or public institution.

Capital gains tax

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

Where an Italian resident Noteholder is an (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 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 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(100-114) of Finance Act 2017.

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. 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. Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 (**Decree 66**), capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

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. Pursuant to Decree 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

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. Pursuant to Decree 66, decreases in value of the management assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of 76.92 per cent. of the decreases in value registered from 1 January 2012 to 30 June 2014.

Any capital gains realised by a Noteholder who is an Italian real estate investment fund to which the provisions of Decree 351 as subsequently amended, apply and a Real Estate SICAF will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund and Real Estate SICAF, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.

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 of 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.

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

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy, 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 resident in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List even if it does not possess the status of taxpayer in its own country of residence.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

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

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Notes are held outside Italy.

Inheritance and gift taxes

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

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, 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 (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 ("IVA FE").

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 IRELAND

*The following is an overview (for Notes issued by UniCredit Ireland, unless otherwise stated) of the current Irish taxation law and practice with regard to the holders of such Notes. It is based on Irish taxation law and the practices of the Revenue Commissioners of Ireland (the **Revenue Commissioners**) as in force at the date of this Base Prospectus, and which may be subject to change. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem, exchange or dispose of the Notes and does not constitute tax or legal advice. Prospective investors should consult with their own professional advisers on the overall tax implications of such ownership.*

Irish withholding tax on interest

In general, withholding tax at the standard rate of income tax (currently 20 per cent.) must be deducted from payments of yearly interest within the charge of Irish tax. This may include payments of interest or premium made by a company that is resident in Ireland for the purposes of Irish tax (**Irish Resident**) such as UniCredit Ireland.

However, there is no requirement to withhold any amount for or on account of Irish income tax from interest arising on Notes where that interest is paid in Ireland by a bank carrying on a *bona fide* banking business in Ireland, such as UniCredit Ireland, in the ordinary course of such business.

Irish withholding tax on discounts

Irish withholding tax does not apply to discounts realised.

Irish Deposit Interest Retention Tax (DIRT)

Irish licensed banks such as UniCredit Ireland are obliged to withhold DIRT (currently 39 per cent.) from interest on relevant deposits, which may include the Notes. DIRT applies at a rate of 39 per cent. provided that interest on the relevant deposit is payable annually or at more frequent intervals. There are certain exemptions from the obligation to withhold DIRT:

- (a) a Note that is listed on a stock exchange is not a relevant deposit for this purpose and DIRT does not apply;
- (b) in relation to unlisted Notes, pursuant to the provisions of section 246A of the Taxes Consolidation Act of Ireland 1997 (TCA 1997), UniCredit Ireland will not be required to deduct DIRT from interest paid

in respect of Notes where the Notes mature within two years provided the Notes continue to be held in Euroclear, Clearstream International SA, or Depository Trust Company (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners) and which have a minimum denomination of €500,000 or U.S.\$500,000 or, in the case of Notes which are denominated in a currency other than euros or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this programme);

- (c) in addition, the Irish Revenue Commissioners operate a published practice in respect of deposits in the form of medium term notes whereby DIRT should not apply to interest on unlisted Notes with a maturity of more than two years provided certain conditions are fulfilled as follows:
- (i) UniCredit Ireland as Issuer will not sell any Notes to Irish residents and will not offer any Notes in Ireland;
 - (ii) each of the Managers, as a matter of contract, undertakes to UniCredit Ireland that:
 - (A) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
 - (B) it has not offered, sold or delivered and will not offer, sell or deliver any Notes in Ireland or to any person, including any body corporate, resident in Ireland or whose usual place of abode is in Ireland (an Irish Person);
 - (C) it has not issued or distributed, and will not issue or distribute or cause to be issued or distributed, in Ireland or to any Irish Person, this Base Prospectus or any other document offering the Notes for subscription or sale; and
 - (D) its action in any jurisdiction will comply with the then applicable laws and regulations of the jurisdiction;
 - (iii) the Notes are cleared through Euroclear, Clearstream International SA, or Depository Trust Company (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners); and
 - (iv) the minimum denomination in which the Notes issue is made will be in denomination of £300,000 sterling or its equivalent (such amount to be determined by reference to the relevant rate of exchange at the date of issuance); and
- (d) where a person is the beneficial owner of Notes, is beneficially entitled to the interest thereon, is not an Irish Resident and has provided a declaration of non-Irish residence to UniCredit Ireland in the prescribed form, DIRT will not apply.

Encashment Tax

Notes issued by UniCredit and UniCredit International Luxembourg may be within the charge to Irish encashment tax where interest is paid by an agent in Ireland. Encashment tax may also arise in respect of Notes issued by UniCredit Ireland that constitute quoted Eurobonds, where interest payments are collected or realised by an agent in Ireland on behalf of a Noteholder. A Note will be a quoted Eurobond if it is quoted on a recognised stock exchange and carries a right to interest. Encashment tax will arise at the standard rate of income tax (currently 20 per cent.) unless the person beneficially owning the Note and entitled to the interest thereon is not resident in Ireland, has provided a declaration in the prescribed form and the income is interest not deemed, under the provisions of Irish tax legislation, to be the income of another person that is an Irish resident. Where interest payments are made by or through a paying agent outside Ireland, no encashment tax arises. In the case of Notes issued by UniCredit Ireland that are not quoted Eurobonds, no encashment tax arises.

Irish Income tax

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment. Interest on Notes may be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income would be technically liable to Irish income tax (and the Universal Social Charge (**USC**) and Pay-Related Social Insurance (**PRSI**) where the income is received by an individual) unless an exemption is available.

Exemptions from Irish income tax under Section 198 TCA 1997 include:

- (a) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation agreement where that EU Member State or territory, as the case may be, imposes a tax that generally applies to interest receivable from sources outside that EU Member State or territory, as the case may be, or where the interest paid would be exempted from the charge to income tax under a double taxation agreement that is in effect or, if not yet in effect, that has been signed between Ireland and that EU Member State or territory, as the case may be;
- (b) where the interest is paid on a quoted Eurobond and the recipient is:
 - (i) a person resident for the purposes of tax in an EU Member State (other than Ireland) or a territory with which Ireland has a double taxation agreement, and is not resident in Ireland for the purposes of tax;
 - (ii) a company under the control, directly or indirectly, of persons who, by virtue of the law of an EU Member State (other than Ireland) or a territory with which Ireland has a double taxation agreement, are resident in that EU Member State or territory and that person or persons are not themselves under the control, whether directly or indirectly, of a person who is not so resident; or
 - (iii) a company, the principal class of shares of which is substantially and regularly traded on one or more recognised stock exchanges in Ireland or an EU Member State or territory with which Ireland has a double taxation agreement, or a stock exchange approved by the Minister for Finance of Ireland;
- (c) where the interest is interest to which section 246A TCA 1997 applies (see (b) under Irish Deposit Interest Retention Tax above) and the recipient is:
 - (i) a person resident for the purposes of tax in an EU Member State (other than Ireland) or a territory with which Ireland has a double taxation agreement, and is not resident in Ireland for the purposes of tax;
 - (ii) a company under the control, directly or indirectly, of persons who, by virtue of the law of an EU Member State other than Ireland or a territory with which Ireland has a double taxation agreement, are resident in that EU Member State or territory and that person or persons are not themselves under the control, whether directly or indirectly, of a person who is not so resident, or
 - (iii) a company, the principal class of shares of which is substantially and regularly traded on one or more recognised stock exchanges in Ireland or an EU Member State or territory with which Ireland has a double taxation agreement, or a stock exchange approved by the Minister for Finance of Ireland; or
- (d) where discounts arise to a person in respect of securities issued by a company in the ordinary course of trade or business where that person is resident in an EU Member State or in a territory with which Ireland has a double taxation agreement.

For this purpose, residence is determined under the terms of the relevant double taxation agreement, or in the case of a person resident in an EU Member State, the law of that Member State. Separately, Ireland's double taxation agreements may exempt interest from Irish tax when received by a resident of the other territory provided that certain procedural formalities are completed.

Where a liability to Irish income tax arises it has, in the past, been the practice of the Irish Revenue Commissioners (as a consequence of the absence of a collection mechanism rather than adopted policy) not to seek to collect this liability from non-Irish resident persons unless the recipient of the interest has a connection with Ireland. Examples of such a connection would include where the recipient has sought a claim for repayment of Irish tax deducted at source or where they are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of their interest in the Notes. Corporate noteholders who carry on a trade in Ireland through a branch or agency may be liable to Irish corporation tax where the Note is held in connection with the trade.

Capital Gains Tax

A holder of the Notes who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held will not be liable to capital gains tax on the disposal of the Notes (including redemptions for cash or by way of exchange for shares).

Stamp Duty

No stamp duty will be payable on the issue of the Notes. No stamp duty will be payable on the transfer of the Notes by delivery. In the event of a written transfer of Notes no stamp duty is chargeable provided that the Notes:

- (a) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such right;
- (b) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
- (c) are issued for a price which is not less than 90 per cent. of their nominal value (thus bonds issued at a discount may not qualify for this exemption); and
- (d) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any instrument or other document relating to the Notes.

Capital Acquisitions Tax

A gift or inheritance of the Notes will be within the charge to Capital Acquisitions Tax if at the relevant date:

- (a) the disponer (generally the person making the gift or inheritance of the Notes) is resident or ordinarily resident in Ireland; or
- (b) the beneficiary is resident or ordinarily resident in Ireland; or
- (c) the Notes are regarded as Irish property.

A foreign domiciled person will generally be regarded as resident or ordinarily resident only if that person was resident in Ireland for the five consecutive tax years immediately preceding the year in which the gift or inheritance was taken and that person is either resident or ordinarily resident in Ireland on the relevant date.

The Notes (for so long as they remain in bearer form) will not be regarded as situated in Ireland unless they are physically located in Ireland or, if registered, there is a register of such Notes in Ireland.

Automatic Exchange of Information for Tax Purposes

Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) (**DAC2**) provides for the implementation among EU Member States (and certain third countries that have entered into information exchange agreements) of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the regime known as the CRS published by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions.

Under the CRS, governments of participating jurisdictions (currently more than 100 jurisdictions) are required to collect detailed information to be shared with other jurisdictions annually. A group of over 40 countries, including Ireland, have committed to the early adoption of the CRS from 1 January 2016 with the first data exchanges taking place in September 2017. All EU Member States, except Austria introduced the CRS from 1 January 2016. Austria introduced CRS from 1 January 2017.

CRS is implemented in Ireland pursuant to the Returns of Certain Information by Reporting Financial Institutions Regulations 2015, S.I. 583 of 2015, made under Section 891F of the 1997 Act.

DAC2 is implemented in Ireland pursuant to the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations of 2015, S.I. No. 609 of 2015 made under Section 891G of the 1997 Act.

Pursuant to these regulations, the UniCredit Ireland may be required to obtain and report to the Revenue Commissioners annually certain financial account and other information for all new and existing holders of Notes (and, in certain circumstances, their controlling persons). The first returns must be submitted on or before 30 June 2017 with respect to the year ended 31 December 2016. The information will include amongst other things, details of the name, address, taxpayer identification number (**TIN**), place of residence and, in the case of holders of Notes who are individuals, the date and place of birth, together with details relating to payments made to accountholders and their holdings. This information may be shared with tax authorities in other EU Member States (and in certain third countries subject to the terms of Information Exchange Agreements entered into with those countries) and jurisdictions which implement the CRS.

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

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

Investors should consult their professional tax advisers.

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. There is an on-going discussion in Germany whether the reduced tax rate should be increased or abolished altogether so that investment income would be taxed at regular rates. 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 of which they are resident or whose tax laws apply to them for other reasons.

German Tax Residents

The 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 disposition 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/futures 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 securities received upon physical settlement. Withholding tax may then apply to any gain resulting from the subsequent disposal, redemption, repayment or assignment of the underlying received. 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/futures 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 EEA or from certain other countries in accordance with art. 17 para. 2 of the Savings Directive (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.

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 married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) 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/futures transaction (*Termingeschäft*) is limited. These losses may only be applied against profits from other forward/futures 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/futures transactions in subsequent years. This generally does not apply to forward/futures transactions hedging risks from the Noteholder's ordinary business. 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 section “*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 Notes or interest coupons, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

The European Commission and certain EU Member States (including Germany) are currently intending to introduce a financial transactions tax (presumably on secondary market transactions involving at least one financial intermediary). It is currently uncertain when the proposed financial transactions tax will be enacted by the participating EU Member States and when the financial transactions tax will enter into force with regard to dealings with the Notes.

TAXATION IN AUSTRIA

This section on taxation contains a brief overview of the Issuers' 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)) 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 of the Notes

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 Derivaten*) 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) 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 (*Körperschaftsteuergesetz*), 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 subject to withholding tax at a flat rate of 27.5 per cent. However, a 25 per cent. rate may pursuant to sec. 93(1a) of the Austrian Income Tax Act be applied by the withholding agent, 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 does generally not fall due 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, a 25 per cent. rate may pursuant to sec. 93(1a) of the Austrian Income Tax Act be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the tax falling due. 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 Issuers understand that no taxation applies in the case at hand.

Pursuant to sec. 188 of the Austrian Investment Funds Act 2011 as amended in the course of the implementation of Directive 2011/61/EU, 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. Up to now the tax authorities have not yet adapted the Austrian Investment Fund Guidelines (*Investmentfondsrichtlinien*) to the legislation as currently in force. 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.

Austrian inheritance and gift tax

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 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 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, 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.

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, Ireland and Luxembourg) 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 1 January 2019 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 "*Terms and Conditions – Further Issues*") 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 any Issuer nor the Guarantor 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 any Issuer.

Interest and Other Payments

If more than half of any tranche of Notes issued under the Programme on or after 1 January 2014 and on or before 31 December 2018 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 relevant 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 relevant Issuer, Specified Income from such Relevant Notes derived by:
 - (i) any related party of the relevant 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 relevant 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**) 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. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition & Measurement" (the **FRS 39 Circular**). The ITA has since been amended to give effect to the FRS 39 Circular.

Subject to certain "opt out" provisions, taxpayers who are required to comply with FRS 39 for financial reporting purposes are generally required to adopt FRS 39 for Singapore income tax purposes as well.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

On 11 December 2014, the Accounting Standards Council issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follow FRS 39.

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 (other than a financial institution) 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) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing on or after 22 June 1998 to a person other than a financial institution on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, a financial institution in Hong Kong within the meaning of section 2 of the Business Ordinance (Cap. 155 of the laws of Hong Kong) is exempt from the payment of Hong Kong profits tax. Provided no prospectus with respect to the issue of Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), the issue of Notes by the Issuer is expected to constitute a deposit to which the above exemption for the payments will apply.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has 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.

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.

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 the 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. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. 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.

Subscription and Sale and Transfer and Selling Restrictions

"Each 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 Fifteenth Amended and Restated Programme Agreement dated 15 June 2017 (such programme agreement as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuers and (in the case of Guaranteed Notes) the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Parent has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will have been deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (iii) it is outside the United States and is not a U.S. person;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (c) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only: (i) to the relevant Issuer or any affiliate thereof; inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;
- (e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive

IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

- (f) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE RELEVANT ISSUER OR AN AFFILIATE OF THE RELEVANT ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE RELEVANT ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR RESALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a) (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (h) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Form of the Notes*”.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the 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, sold, or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the same meaning given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. 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 relevant Issuer is not subject to or does not comply with the reporting requirements of Sections 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Exempt Notes which are also Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Prohibition of sales to EEA Retail Investors

From 1 January 2018, 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 Offering Circular 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.

Prior to 1 January 2018, and from that date 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 each Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the relevant Issuer or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- the expression **Prospectus Directive** means Directive 2003/71/EC (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) in relation to any Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA (i) (where the Issuer is UniCredit) would not apply to the Issuer if it was not an authorised person, or (ii) (where the Issuer is UniCredit Ireland or UniCredit International Luxembourg) does not apply to the Issuer and would not apply to the Guarantor if it was not an authorised person; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

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. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**); and
- (ii) 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 paragraphs (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.

Ireland

Each Dealer has agreed, represented and warranted (and each further Dealer appointed under the Programme will be required to further agree, represent and warrant) that:

- (a) it has not offered, sold, or placed and will not offer, sell or place or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 1363 of the Irish Companies Act 2014 by the Central Bank of Ireland;
- (b) it has complied with and will comply with all applicable provision of the Irish Companies Act 2014;
- (c) in respect of Notes issued by UniCredit Ireland which are not listed on a stock exchange and which do not mature within two years its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction, it will not knowingly offer to sell such Notes to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes. In addition, such Notes must be cleared through Euroclear, Clearstream, Luxembourg, or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners) and have a minimum denomination of £ 300,000 (GBP) or its equivalent at the date of issuance;
- (d) in respect of Notes issued by UniCredit Ireland which are not listed on a stock exchange and which mature within two years, such Notes must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euros or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this Programme). In addition, such Notes must be cleared through Euroclear, Clearstream, Luxembourg or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners);
- (e) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (f) it has complied and will comply with all applicable provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (**MiFID Regulations**), including, without limitation, Parts 6, 7, and 12 thereof and the provisions of the Investor Compensation Act 1998 with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and is acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 and it has complied with any applicable codes of conduct or practice made pursuant to implementing measures in respect of the foregoing Directive in any relevant jurisdiction; and
- (g) it has not offered, sold or placed and will not offer, sell or place the Notes, otherwise than in conformity with the provisions of the Central Bank Acts 1942 – 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;
- (h) it has not offered, sold or placed and will not offer, sell or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended), the European (Market Abuse) Regulations 2016 and any rules issued under Section 1370 of the Irish Companies Act 2014 by the Central Bank of Ireland.

France

Each of the Dealers and each of the Issuers has represented and agreed that:

(a) Offer to the public in France:

it has only made and will only make an offer of Notes to the public 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; 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*.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and accordingly each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Federal Republic of Germany

The Notes may only be offered in Germany in compliance with the Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable German laws.

Austria

In addition to the cases described in the Public Offer Selling Restrictions under the Prospectus Directive in which the Notes may be offered to the public in 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:

- (a)** the Base Prospectus, including any supplements but excluding any Final Terms, which has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde* the **FMA**) or, where appropriate, approved by the competent authority of another Member State within the European Economic Area and notified to the FMA, all in accordance with the Prospectus Directive, has been published at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public; and
- (b)** the applicable Final Terms for the Notes have been published and filed with the FMA prior to the date of commencement of the relevant offer of the Notes to the public; and

- (c) a notification with the Austrian Control Bank (*Oesterreichische Kontrollbank Aktiengesellschaft*), all as prescribed by the Austrian Capital Market Act, as amended (*Kapitalmarktgesetz, Federal Law Gazette No 625/1991*, 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, Cap. 289 of Singapore (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 an offer referred to in 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 acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (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,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 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 (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005.

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.

Hong Kong

Each Dealer has represented and agreed that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (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.

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:

- (a) 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
- (b) 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.

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 Issuers, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

General Information

AUTHORISATION

The establishment of the Programme and, in the case of the Guarantor, the giving of the Guarantee, have been duly authorised by the resolutions of the Board of Directors of UniCredit dated 2 May 2000 and of the Board of Directors of UniCredit Ireland dated 9 November 2000. The entry into the Programme was duly authorised by the resolutions of the Board of Directors of UniCredit International Luxembourg dated 19 May 2011. The update of the Programme, including the giving of the Guarantee, was duly authorised by the resolutions of the Board of Directors of UniCredit dated 10 January 2017, the Programmes Committee of the Directors of UniCredit Ireland dated 8 June 2017 and the Board of Directors of UniCredit International Luxembourg dated 28 April 2017.

APPROVAL, LISTING AND ADMISSION TO TRADING

Application has been made to the CSSF to approve this document as three base prospectuses. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and 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 2004/39/EC.

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 from the registered office of the relevant 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 each of the Issuers;
- (b) the audited consolidated financial statements of UniCredit as at and for the financial year ended 31 December 2016 (with an English translation thereof) (the **December 2016 Financial Statements**);
- (c) the audited consolidated financial statements of UniCredit as at and for the financial year ended 31 December 2015 (with an English translation thereof);
- (d) the unaudited consolidated interim report as at 31 March 2017 – Press Release of UniCredit;
- (e) the unaudited consolidated interim report as at 31 March 2016 – Press Release of UniCredit;
- (f) the unaudited consolidated interim financial information of UniCredit as at and for the six months ended 30 June 2016 (with an English translation thereof) (the **June 2016 Financial Statements**);
- (g) the audited non-consolidated financial statements of UniCredit Ireland as at and for the financial years ended 31 December 2016 and 31 December 2015;
- (h) the audited consolidated financial statements of UniCredit International Luxembourg as at and for the financial years ended 31 December 2016 and 31 December 2015 (with an English translation thereof); and

- (i) the latest unaudited consolidated interim accounts of UniCredit (with an English translation thereof).

UniCredit currently prepares audited consolidated and non-consolidated financial statements on an annual basis and unaudited consolidated financial statements on a quarterly and semi-annual basis.

UniCredit Ireland currently prepares audited non-consolidated financial statements on an annual basis and unaudited non-consolidated financial statements on a semi-annual basis.

UniCredit International Luxembourg currently prepares audited consolidated financial statements on an annual basis and does not prepare audited/unaudited consolidated financial statements on a quarterly or semi-annual basis;

- (j) the Programme Agreement, the Agency Agreement, the Trust Deed (containing the terms of the Guarantee applicable to the Notes issued by UniCredit Ireland and UniCredit International Luxembourg), the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (k) a copy of this Base Prospectus;
- (l) 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 relevant 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).

CLEARING SYSTEMS

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, USA.

CONDITIONS FOR DETERMINING PRICE

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

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 2017 and there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2016. For the year ended 31 December 2016, UniCredit recorded a non-recurring negative impact of €13.1 billion on its net income resulting from the impact of certain actions provided for in the Strategic Plan. Consequently, the Group was temporarily breaching the Combined Buffer requirements and it was hence subject to distribution restrictions. Following the successful completion of the €13 billion Rights Offering on 2 March 2017, UniCredit fully restored all the applicable requirements.

There has been no significant change in the financial or trading position of UniCredit Ireland since 31 December 2016 and there has been no material adverse change in the prospects of UniCredit Ireland since 31 December 2016.

There has been no significant change in the financial or trading position of UniCredit International Luxembourg since 31 December 2016 and there has been no material adverse change in the prospects of UniCredit International Luxembourg since 31 December 2016.

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.

There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the UniCredit Ireland's prospects for its current financial year.

There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the UniCredit International Luxembourg's prospects for its current financial year.

LITIGATION

Except as disclosed in this Base Prospectus from page 234 to page 259 (*Legal and arbitration proceedings and proceedings connected to actions of the supervisory authorities*), in the December 2016 Financial Statements and in the June 2016 Financial Statements, none of the Issuers or the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the relevant Issuer or the Guarantor is aware) in the 12 months preceding the date of this document which, according to the information available at present, may have or have had in such period a significant effect on the financial position or profitability of the relevant Issuer, the Guarantor or the Group.

EXTERNAL AUDITORS

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 2016 and 31 December 2015.

The external auditors of UniCredit Ireland who have audited the annual financial statement for the financial year ended 31 December 2016 and 31 December 2015, and issued their opinions on the financial statements without qualification, in accordance with generally accepted auditing standards in Ireland are Deloitte, Hardwicke House, Hatch Street, Dublin 2, which are registered auditors with the Institute of Chartered Accountants in Ireland.

The independent auditors (*réviseur d'entreprises agréé*) of UniCredit International Luxembourg who have audited the annual financial statements as at and for the financial years ended 31 December 2016 and 31 December 2015 without qualification, in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF together with Luxembourg legislation and the Practice Guidelines (*recommandations professionnelles*) issued by the CSSF and the Institut des réviseurs d'entreprises, are Deloitte Audit S.à r.l., 560, Rue de Neudorf, L-2220 Luxembourg.

The statutory auditors have no material interest in UniCredit International Luxembourg.

Deloitte Audit S.à r.l. is a member of the *Institut des Réviseurs d'Entreprises*.

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

DEALERS' INTERESTS

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services 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, a 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.

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 Issuers 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 relevant 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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