



**UNICREDIT S.p.A.**

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

**and**

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

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

**and**

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

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

**unconditionally and irrevocably guaranteed by**

**UNICREDIT S.p.A.**

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

**Structured Note Programme**

Under the terms of this Structured 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 (**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 of any kind may be issued including but not limited to Notes relating to a specified index or a basket of indices (**Index Linked Notes**), a specified share or a basket of shares, a specified American depositary receipt or global depositary receipt or a basket thereof (**Equity Linked Notes**), a specified currency or a basket of currencies (**Currency Linked Notes**), a specified commodity or commodity index or a basket of commodities and/or commodity indices (**Commodity Linked Notes**), a specified fund or basket of funds (**Fund Linked Notes**), a specified inflation index or a basket of inflation indices (**Inflation Index Linked Notes**), or any combination of the foregoing. Each issue of Notes will be issued on the terms set out herein which are relevant to such Notes under "*Terms and Conditions of the Notes*" (the **Notes Conditions**) on pages 122-152 and any applicable Additional Terms and Conditions on pages 153-238 (together with the Notes Conditions, the **Conditions**) on such additional terms as will be set out in the applicable Final Terms (the **Final Terms**).

The Notes may be issued on a continuing basis to the Initial Dealer specified in the "*Summary of the Programme*" section 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 of Notes 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*" on pages 19-57.**

Applications have been made to the *Commission de surveillance du secteur financier* (the **CSSF**) in its capacity as competent authority under the laws of Luxembourg, for the approval of this document as three base prospectuses in accordance with Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) and Article 8.4 of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuers in accordance with Article 7.7 of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market (as contemplated by Directive 2004/39/EC) and to be listed on the Official List of the Luxembourg Stock Exchange. Application may also be made for notification to be given to competent authorities in other Member States of the European Economic Area in order to permit Notes issued under the Programme to be offered to the public and admitted to trading on regulated markets in such other Member States in accordance with the procedures under Article 18 of the Prospectus Directive.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each series of Notes will be set out in the applicable Final Terms which, with respect to Notes to be listed on the Official List of the Luxembourg Stock Exchange, will be filed with the CSSF.

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

The Issuers and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the applicable Conditions set out herein, in which event a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Notes and, where applicable, the guarantee thereof and the Entitlement (as defined in the applicable Final Terms) have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or under any state securities laws and are subject to certain United States tax law requirements. Trading in the Notes has not been approved by the United States Commodity Futures Trading Commission (the **CFTC**) under the United States Commodity Exchange Act, as amended (the **Commodity Exchange Act**). The Notes, or interests therein, may not be offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act, **U.S. Persons**) except to certain persons in offshore transactions in relation on Regulation S under the Securities Act. See "*Offering and Sale*" on pages 321-326.

None of the Issuers and the Guarantor has registered as an investment company pursuant to an exemption from the registration requirements of the United States Investment Company Act of 1940, as amended and the rules thereunder.

**As more fully set out in “*Terms and Conditions of the Notes – Taxation*”, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless any such deduction is required by law. In the event that any such deduction is required, neither the Issuer nor, in the case of Guaranteed Notes, the Guarantor will be required to pay any additional amounts to cover the amounts so deducted.**

For a description of certain further restrictions on offers and sales of the Notes and on the distribution of this Base Prospectus, see "*Offering and Sale*" on pages 321-326.

Each issue of Notes will be issued in the form set out in "*Form of the Notes*" on pages 60-62.

**Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. Notes involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Notes. See "*Risk Factors*" on pages 19-57.**

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

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

**Arranger**

UniCredit S.p.A.

**Initial Dealer**

UniCredit Bank AG

The date of this Base Prospectus is 26 June 2012.

**This document constitutes three base prospectuses for the purposes of the Prospectus Directive as amended (which includes the amendments made by the 2010 PD Amending Directive to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area): (a) the base prospectus for UniCredit in respect of non-equity securities within the meaning of Article 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 (Non-Equity Securities); (b) the base prospectus for UniCredit Ireland in respect of Non-Equity Securities; and (c) the base prospectus for UniCredit International Luxembourg in respect of Non-Equity Securities (together, the Base Prospectus).**

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

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

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

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

**This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" on page 8). This Base Prospectus shall be read and construed on the basis that such 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 and no responsibility or liability is accepted by any of the Dealers or by any of their respective affiliates 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 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.

For convenience, the website addresses of certain third parties are set out in this Base Prospectus. Except as otherwise provided in this Base Prospectus, no information in such websites should be deemed to be incorporated in, or form part of, this Base Prospectus and none of the Issuers, the Guarantor nor any Dealer accepts any responsibility for any information contained in such websites.

No person is or has been authorised by the Issuers or the Guarantor 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 or any of the Dealers.

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 or any of the Dealers 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 or any of the Dealers to any person to subscribe for or to purchase any Notes.

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 herein concerning the Issuers and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

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 and the Dealers 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 or the Dealers 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 and the European Economic Area (including the United Kingdom, the Republic of Italy, Ireland, France, the Federal Republic of Germany, Luxembourg and Austria). See "*Offering and Sale*" on pages 321-326.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and each Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, none of the Issuers, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuers, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.

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

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

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## DOCUMENTS INCORPORATED BY REFERENCE

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

<b>Document</b>	<b>Information incorporated</b>	<b>Page numbers</b>
UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2011	Consolidated Balance Sheet	130-131
	Consolidated Income Statement	132
	Consolidated Statement of Comprehensive Income	133
	Statement of Changes in Shareholders' Equity	134-135
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UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2010	Consolidated Balance Sheet	122-123
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	Statement of Changes in Shareholders' Equity	126-127
	Consolidated Cash Flow Statement	128-129
	Notes to the Consolidated Accounts	131-435
UniCredit Unaudited Consolidated Interim Financial Statements as at and for the Three Months Ended 31 March 2012	Report of External Auditors	503
UniCredit Ireland Audited Annual Financial Statements as at and for the Financial Year Ended 31 December 2011	Consolidated Balance Sheet	16
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<b>Document</b>	<b>Information incorporated</b>	<b>Page numbers</b>
UniCredit Ireland Audited Annual Financial Statements as at and for the Financial Year Ended 31 December 2010	Notes to the Financial Statements	33-78
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UniCredit International Luxembourg Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2010	Report of the réviseur d'entreprises agréé	8-9 (of the Consolidated Management Report)
	Consolidated statement of financial position	1
	Consolidated statement of comprehensive income	2
	Consolidated statement of changes in equity	3-4
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Document	Information incorporated	Page numbers
	Report of the réviseur d'entreprises agréé	9-10 (of the Consolidated Management Report)
Memorandum and Articles of Association of UniCredit	Entire document	
Memorandum and Articles of Association of UniCredit Ireland	Entire document	
Memorandum and Articles of Association of UniCredit International Luxembourg	Entire document	
Press Release dated 11 May 2012	Entire document	
Press Release dated 5 June 2012	Entire document	

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

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, as well as the Final Terms relating to each Tranche of Notes issued under the Programme, will also be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

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 Prospectus for use in connection with any subsequent issue of Notes.

## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this 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. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

*Words and expressions defined in the "Terms and Conditions of the Notes", and in the remainder of this Base Prospectus shall have the same meanings in this summary.*

Issuers:

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

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

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

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

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

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

by the CSSF.

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

Description: Structured Note Programme.

Calculation Agent: UniCredit Bank AG or such other calculation agent specified in the applicable Final Terms.

Arranger: UniCredit S.p.A..

Initial Dealer: UniCredit Bank AG.

Notes may also be issued to other dealers and third parties.

Principal Paying Agent: Citibank, N.A., London Branch or such other agent(s) specified in the applicable Final Terms.

Form of Notes: Notes will be issued in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s).

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

Terms of Notes: Notes may be denominated in any currency specified in the applicable Final Terms with any agreed maturity, subject to compliance with all applicable legal and/or regulatory restrictions.

Notes may: (i) bear interest at a fixed or floating rate; (ii) not bear interest; (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices, shares or GDRs/ADRs, currency exchange rates, commodities, fund shares or units, the credit of one or more underlying entities, bonds or other securities contracts such as derivatives or assets; (iv) reference any combination of the foregoing (each such underlying asset or basis of reference, a **Reference Item** and any Reference Item linked Notes which are specified as such in the applicable Final Terms, **Reference Item Linked Notes**), (v) be redeemed by physical delivery (**Physical Delivery Notes**) of specified asset(s); and/or (vi) have such other terms and conditions as specified in the applicable Final Terms.

Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms.

The Final Terms will indicate either that the relevant Notes may not be redeemed prior to their stated maturity (other than in specified instalments, (if applicable); following an Event of Default and acceleration of the Notes, or (if applicable) following an Additional Disruption Event), or that such Notes will be

redeemable at the option of the relevant Issuer and/or the Holders.

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*" below, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) and save that any Notes issued by UniCredit Ireland that: (i) will not be listed on any stock market and that mature within two years will have a minimum denomination of €500,000 or U.S.\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this Programme); and (ii) will not be listed on any stock exchange and that do not mature within two years will have a minimum denomination of €500,000 or its equivalent at the date of issuance.

Physical Delivery Notes:

In order to receive the relevant asset(s) comprising the Entitlement, a Holder must deliver an Asset Transfer Notice on or prior to a specified cut-off time and pay all taxes, duties and/or expenses arising from delivery. For certain Reference Item Linked Notes, if certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the relevant Issuer will be entitled to make payment of a cash amount in lieu of physical delivery.

Prior to the delivery of the Entitlement in respect of a Physical Delivery Note the holder thereof will be required to represent that, inter alia, he is not a US Person, the Note was not exercised on behalf of a US Person and no cash, and in the case of Physical Delivery Notes, no securities or other property have been or will be delivered within the United States or to, or the account or benefit of, a US Person in connection with any exercise thereof (see "*Annex 7 to the Terms and Conditions – Additional Terms and Conditions for Physical Delivery Notes*").

Absence of Negative Pledge:

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

Cross Default:

The terms of the Notes contain a cross default provision as further described in Notes Condition 10 ("*Events of Default*").

Events of Default:

Terms of the Notes contain, among others, events of default covering non-payment or non-delivery and relating to the

insolvency of the relevant Issuer.

**Taxation:**

In the event that any deduction for or on account of withholding taxes imposed by any Tax Jurisdiction is required, payment will be made after such amounts have been deducted and the relevant Issuer or the Guarantor, if applicable, will not be required to pay any additional amounts to cover the amounts so deducted.

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

All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, as provided in Condition 6(B).

**Reference Item Linked Notes**

**Index Linked Notes:**

Amounts payable in respect of Index Linked Notes will be calculated by reference to one or more Indices. An Index may reference or comprise reference equities, bonds, property, currency exchange rates, funds, commodities or other assets or bases of reference.

Index Linked Notes may be subject to early redemption or early cancellation or adjustment if an Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, if the Index's Sponsor fails to calculate and announce the Index, if certain market disruption events occur, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the hedging arrangements of the relevant Issuer or any Affiliate thereof.

If certain disruption events occur with respect to valuation of an Index such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms, on the occurrence of a specified "Mandatory Early Termination Event" the Notes will be redeemed or cancelled on the designated "Mandatory Early Termination Date".

**Equity Linked Notes (including GDR/ADR Linked Notes):**

Amounts payable in respect of Equity Linked Notes will be calculated by reference to a single share or basket of shares. Equity Linked Notes may also provide for settlement by physical delivery of a specified amount of shares of one or more

companies, subject to payment of any applicable sums payable.

Amounts payable in respect of GDR/ADR Linked Notes will be calculated by reference to a single global depositary receipt (**GDRs**) or American depositary receipts (**ADRs**) or a basket of GDRs and/or ADRs. GDR/ADR Linked Notes may also provide for settlement by physical delivery of a specified amount of GDRs and/or ADRs, subject to payment of any applicable sums payable.

Equity Linked Notes may, at the discretion of the relevant Issuer, be subject to early redemption or early cancellation or adjustment (including valuation and in certain circumstances Share substitutions) if certain corporate events (such as events affecting the value of a Share (including Share divisions or consolidations, extraordinary dividends and capital calls), de-listing of a Share, insolvency, merger or nationalisation of a Share issuer; a tender offer or redenomination of a Share) occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the hedging arrangements of the relevant Issuer or any Affiliate thereof, or if insolvency filings are made with respect to a Share issuer.

GDR/ADR Linked Notes may, at the discretion of the relevant Issuer, be subject to early redemption or early cancellation or adjustment (including valuation and in certain circumstances GDR/ADR substitutions) if certain corporate events (such as events affecting the value of a GDR and/or ADR (including GDR, ADR or underlying share divisions or consolidations, extraordinary dividends and capital calls), de-listing of a GDR, ADR or underlying share, insolvency, merger or nationalisation of an underlying share issuer, a tender offer or redenomination of a GDR, ADR and/or underlying share) occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the hedging arrangements of the relevant Issuer or any Affiliate thereof, or if insolvency filings are made with respect to an underlying share issuer.

If certain disruption events occur with respect to valuation of a Share, such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms, on the occurrence of a specified "Mandatory Early Termination Event" the Notes will be redeemed or cancelled on the designated "Mandatory Early Termination Date".

#### Currency Linked Notes:

Amounts payable in respect of Currency Linked Notes will be calculated by reference to the rate of exchange of a single currency or basket of currencies. Currency Linked Notes may also provide for settlement by physical delivery of a specified amount of the relevant currencies, subject to payment of any applicable sums payable.

If certain disruption events occur with respect to a rate of exchange of a single currency or basket of currencies, such valuation may be postponed and/or made by the Calculation Agent.

Commodity Linked Notes:

Amounts payable in respect of Commodity Linked Notes will be calculated by reference to a single commodity and/or commodity index or basket of commodities and/or commodity indices. Commodity Linked Notes may also provide for settlement by physical delivery of a specified amount of commodities, subject to payment of any applicable sums payable.

If certain disruption events occur with respect to valuation of a Commodity or futures or options contracts relating to such Commodity, such valuation may be postponed and/or made by the Calculation Agent. Commodity Linked Notes linked to a commodity index may be subject to adjustment if the index is modified or cancelled and there is no successor acceptable to the Calculation Agent or if the index's sponsor fails to calculate and announce the index.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms, on the occurrence of a specified "Mandatory Early Termination Event" the Notes will be redeemed or cancelled on the designated "Mandatory Early Termination Date".

Fund Linked Notes:

Amounts payable in respect of Fund Linked Notes will be calculated by reference to units, interests or shares in a single fund or basket of funds. Fund Linked Notes may also provide for settlement by physical delivery of a specified amount of units, interests or shares of one or more Funds, subject to payment of any applicable sums payable.

Fund Linked Notes may, at the discretion of the relevant Issuer, be subject to early redemption or early cancellation or adjustment (including as to valuations and fund substitutions) if certain corporate events (such as insolvency (or an analogous event) or nationalisation of a Fund; litigation against, or regulatory events occurring with respect to a Fund, suspensions of Fund subscriptions or redemptions, certain changes in net asset value or violations of leverage restrictions of a Fund, Fund reporting disruptions, or modifications to the investment objectives or changes in the nature or administration of a Fund) occur, if certain valuation or settlement disruption events occur with respect to a Fund, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the hedging arrangements of the relevant Issuer or any Affiliate thereof.

Fund Linked Notes linked to Exchange Traded Funds may be subject to early redemption or cancellation or adjustment (including as to valuation) if certain corporate events (such as events affecting the value of a Fund Share including share

divisions or consolidation, de-listing of a Fund Share, insolvency, merger or nationalisation of a Fund Share issuer, or a tender offer of a Fund Share) or modifications of its investment objectives occur or if certain events occur with respect to the hedging arrangements of the relevant Issuer or any Affiliate thereof.

If certain disruption events occur with respect to the valuation of a Fund Share in respect of an Exchange Traded Fund, such valuation may be postponed and may be made by the Calculation Agent. Payments may also be postponed.

**Inflation Index Linked Notes:** Amounts payable in respect of Inflation Index Linked Notes will be calculated by reference to one or more inflation/consumer price indices. Inflation Index Linked Notes may be subject to early redemption or adjustment if publication of an Inflation Index is delayed or ceases or if the Inflation Index is rebased or modified. Such adjustments may be made by reference to a Related Bond if specified in the applicable Final Terms. In addition Inflation Index Linked Notes may be subject to early redemption or adjustment if certain additional disruption events (such as illegality, disruptions or cost increases) occur with respect to the hedging arrangements of the relevant Issuer or any Affiliate thereof.

## **General**

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

**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 admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as determined by the relevant Issuer. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.

**Governing law:** The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.

For the avoidance of doubt, with respect to Notes issued by UniCredit International Luxembourg, the provisions of Articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on

commercial companies, as amended (the **Companies Act 1915**) relating to meetings of Noteholders shall not apply.

Use of Proceeds:

The net proceeds from each issue of Notes will be applied by the Issuers for their general corporate purposes, which include making a profit. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Rating:

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Programme (if any). A 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.

Selling Restrictions – United States:

The Notes, any Guarantee thereof and any Entitlement (as defined in the Final Terms) have not been and will not be registered under the United States Securities Act of 1933, as amended (**Securities Act**) or under any state securities laws and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any US Person (as defined in Regulation S under the Securities Act). Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (**CFTC**) under the United States Commodity Exchange Act, as amended (**CEA**).

Selling Restrictions - Other:

There are restrictions on the offer, sale and transfer of the Notes in Japan and the European Economic Area (including the United Kingdom, the Republic of Italy, Ireland, France, the Federal Republic of Germany, Luxembourg and Austria) and such other restrictions as may be required in connection with the offering and sale of a particular series of Notes, see ("*Offering and Sale*").

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 "*Offering and Sale*") 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 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See "*Offering and Sale*".

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.

**Risk Factors:**

There are certain factors that may affect the Issuers' ability to fulfil their obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include risks associated with adverse macroeconomic and market conditions, the exposure of the Group to liquidity risks and credit risks, the Group's expansion into Central and Eastern Europe, structural risks relating to particular Notes, including with respect to Reference Item Linked Notes, risks relating to unsecured obligations, market disruption, settlement disruption, failure to deliver due to illiquidity, expenses and taxation, no claim against the Reference Item, modification, meetings, hedging and potential conflicts of interest, physical delivery requirements and settlement risk, illegality and cancellation, partly-paid Notes, optional redemption, minimum denomination, possible illiquidity of Notes, exchange rate risks and exchange listing and legal regulation risk.

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

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme. These are set out under "*Risk Factors*" and include risks of changes in currency exchange rates, liquidity risks, equity, commodity and bond market risks, risks of early redemption, risks of changes in market interest rates, and risks of volatile market price or indexes or underlying assets in the case of Index Linked Notes, economic, political and regulatory risks or a combination of these or other risks, the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular issue of Notes and certain market risks.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) (IF ANY) ARE AND TO SEE HOW THE AMOUNT PAYABLE AND/OR DELIVERABLE ON THE NOTES AND ANY PERIODIC INTEREST PAYMENTS ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY NOTES.

## RISK FACTORS

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

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

*Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers or the Guarantor to pay any cash amounts in connection with any cash settled Notes (**Cash Settled Notes**) or to deliver the Entitlement in connection with any physically settled Notes (**Physical Delivery Notes**) may occur for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Neither the Issuers nor the Guarantor represent that the statements set out below regarding the potential risks of undertaking in any Notes are exhaustive. The Final Terms in respect of an issue of Notes may contain additional Risk Factors in respect of such Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

**THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY (INCLUDING, WITHOUT LIMITATION, CONSULTING WITH SUCH FINANCIAL, TAX LEGAL OR OTHER ADVISORS AS THEY DEEM APPROPRIATE) WITHOUT RELYING ON THE ISSUER OR ANY DEALER.**

**AN INVESTMENT IN NOTES LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL SECURITY, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OR ISSUE PRICE OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. WHERE THE NOTES ARE REDEEMED BY THE ISSUER BY DELIVERY OF REFERENCE ITEM(S) THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE NOMINAL AMOUNT OR ISSUE PRICE OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.**

**CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.**

*Terms used in this section and not otherwise defined shall have the meanings given to them in the "Terms and Conditions of the Notes" (the **Conditions** and references herein to **relevant Conditions** shall be construed accordingly).*

**Factors that may affect the relevant Issuer's ability to fulfil its obligations under Notes issued under the Programme - Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee**

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

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

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

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

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

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

The Group's performance is influenced by the financial markets conditions and the macroeconomic situations of the countries in which it operates. In recent years, the global financial system has been

subject to considerable turmoil and uncertainty and, as of the date of this Base Prospectus, short to medium term expectations of global economic performance remain uncertain.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In common with other multi-jurisdictional banking groups, the UniCredit Group companies have historically provided funding to other members of the Group, resulting in the transfer of excess cash liquidity from one member of the Group to another. Currently, one of the largest such outstanding exposures is from UniCredit Bank AG (**UCB AG**) to UniCredit, although UCB AG also has exposures to other UniCredit Group members. In addition, as the UniCredit Group's investment banking activities are centralised within UCB AG, significant non-cash intra-group credit exposures exist on a day-to-day basis between UCB AG and other Group members resulting from, among other things, UCB AG acting as an intermediary between such Group members, on the one hand, and external counterparties, on the other hand, in connection with various financial risk hedging transactions. Due to the nature of this business, the intra-group credit exposure of UCB AG is volatile and can change significantly on a daily basis. In order to reduce the volatility in Intragroup exposure UCB AG and UniCredit S.p.A. have entered into an ISDA Credit Support Annex (**CSA**). The Intra group Counterparty Exposure between UCB AG and UniCredit S.p.A. has therefore been collateralized. Whilst this immunizes the counterparty exposure, it creates additional intra group liquidity streams.

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

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

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

The implementation of the measures described above, the inability of the Group to provide additional collateral to support these arrangements were it required to do so or a request by BaFin to further reduce UCB AG's intra-group exposure because of a perceived or actual deterioration in the credit outlook of its counterparties or any other reason, could have a material adverse effect on the Group's liquidity and the liquidity of certain of its subsidiaries. Any of these events

could have a material adverse effect on the way in which the Group funds itself internally, on the cost of such funding (particularly if it has to be obtained externally) as well as on the results of operations, business and financial condition of UniCredit and the Group.

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

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

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

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

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

The Group is exposed to potential losses linked to such credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. This credit risk derives from the potential inability or refusal by customers to honour their contractual obligations under these transactions and the Group's consequent exposure to the risk that receivables from third parties owing money, securities or other assets to it will not be collected when due and must be written off (in whole or in part) due to the deterioration of such third parties' respective financial standing (counterparty risk). This risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending

business and off-balance sheet business, for example when extending credit by means of a bank guarantee. Credit risks have historically been aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. As part of their respective businesses, entities of the Group operate in countries with a generally higher country risk profile than in their respective home markets (emerging markets). Entities of the Group hold assets located in such countries. The Group's future earnings could also be adversely affected by depressed asset valuations resulting from a deterioration in market conditions in any of the markets in which the Group companies operate. The above factors could also have a significant impact in terms of capital market volatility. As a result, volumes, revenues and net profits in banking and financial services business could vary significantly over time.

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

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

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

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

*Securitisations originated by the UniCredit Group*

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

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

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

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

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

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

#### *Conduits*

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

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

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

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

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

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

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

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

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

Continued decline in the general economies of the countries in which the Group operates, or a general deterioration of economic conditions in any industries in which its borrowers operate or in other markets in which the collateral is located, may result in decreases in the value of collateral securing the loans to levels below the outstanding principal balance on such loans. A decline in the value of collateral securing these loans or the inability to obtain additional collateral may require the Group to reclassify the relevant loans, establish additional provisions for loan losses and increase reserve

requirements. In addition, a failure to recover the expected value of collateral in the case of foreclosure may expose the Group to losses which could have a material adverse effect on its business, financial condition and results of operations. Moreover, an increase in financial market volatility or adverse changes in the liquidity of its assets could impair the Group's ability to value certain of its assets and exposures or result in significant changes in the fair values of these assets and exposures, which may be materially different from the current or estimated fair value. Any of these factors could require the Group to recognise write-downs or realise impairment charges, any of which may adversely affect its financial condition and results of operations.

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

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

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

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

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

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

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

Nevertheless, given the more restrictive regulations than those prevailing at the international level, the Group may need to continue strengthening the equity of and/or transfer an increasing amount of funds to its subsidiaries located in CEE countries, particularly those located outside the European Union, also considering the risk of being exposed to, among other things, regulatory or legal initiatives of

local authorities in those countries. In addition, similar to the risks present in all countries in which the Group operates, local authorities in CEE countries could also adopt measures and/or initiatives such as: (a) requiring the waiver or reduction of loan repayment obligations, resulting in a level of risk provisions more significant than would normally apply under Group policies; (b) demanding additional capital; (c) increasing levies on banking activities. The Group may also be required to ensure that its subsidiaries located in CEE countries have greater levels of liquidity, in a context where access to liquidity worldwide may be increasingly difficult to obtain. An increase in loan impairments could be necessary in connection with levels of credit risk estimated by the Group. Furthermore, unfavorable developments in the growth rates of CEE countries compared to historical levels, together with the uncertainties surrounding Western European economies, could adversely affect the Group's achievement of its strategic goals.

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

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

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

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

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

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

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

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

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

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

In order to ensure the integrity and accuracy of the above measurement and risk management models, the Group employs a governance policy that is consistent with current applicable regulations in each of the markets in which it operates (for example, Bank of Italy, Circular No. 263 of 27 December 2006) as well as with international best practices.

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

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

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

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

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

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

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

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

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

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

The Group is subject to extensive regulation and supervision in all jurisdictions in which it operates, including by the Bank of Italy, BaFin, PFSA, FMA, the ECB, the EBA and the ESCB. The rules applicable to banks and funds are aimed at preserving the stability and solidity of banks and limiting their risk exposure. The Group is also subject to regulations applicable to financial services that govern, among other things, the sale, placement and marketing of financial instruments as well as to those applicable to its bank-assurance activities. In particular, the Group is subject to the supervision of CONSOB, the Institute for the Supervision of Private Insurance and the FMA. The Issuer is also subject to the rules applicable to it as an issuer of shares listed on the Milan, Frankfurt and Warsaw Stock Exchanges.

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

have only been recently approved and the relevant implementation procedures are still in the process of being developed.

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

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

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

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

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

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

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

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

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

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

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

### ***Increased Capital Requirements***

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

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

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

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

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

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

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

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

In addition, recent acquisitions and organisational restructuring in Italy, Germany, Austria and Central and Eastern Europe, has led to the integration of the information, internal audit and accounting

systems of the companies acquired, some of which were profoundly different from those used by the Group. As at 21 December 2011, the Group's commercial banking activities in Italy and Germany are integrated on the EuroSIG platform, which is currently in the process of being implemented in Austria.

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

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

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

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

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

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

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

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

### ***Ratings***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Hedging and other Potential Conflicts of Interest***

The Issuers, the Initial Dealer, the Arranger, the Index Sponsor and the Calculation Agent may be part of the same corporate group. Each will pursue actions and take steps that they deem or any of them deems necessary or appropriate to protect their or its interests without regard to the consequences for any Noteholder. Consequently, the value of the Notes may be adversely affected if any such actions or steps are taken.

The Issuers, the Guarantor and/or any of their respective Affiliates or agents may engage in activities that may result in conflicts of interests between their and their respective Affiliates' or agents' financial interests on the one hand and the interests of the Noteholders on the other hand. The Issuers, the Guarantor and/or any of their respective Affiliates or agents may also engage in trading activities (including hedging activities) related to the Reference Item(s) underlying any Notes and other instruments or derivative products based on or related to the Reference Item(s) underlying any Note for their proprietary accounts or for other accounts under their management. The Issuers, the

Guarantor and/or any of the Guarantor's Affiliates or agents may also issue other derivative instruments in respect of the Reference Item(s) underlying Notes. The Issuers, the Guarantor and/or any of the Guarantor's Affiliates or agents may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Notes or may act as financial adviser to certain companies, companies whose shares are included in a basket of shares, a company which is a reference entity, or in a commercial banking capacity for any such companies. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Notes. The Issuers also may enter into arrangements with Affiliates or agents to hedge market risks associated with its obligations under the Notes. Any such Affiliate or agent would expect to make a profit in connection with such arrangements. The Issuers might not seek competitive bids for such arrangements from unaffiliated parties.

Where the Notes are offered through a distributor(s) or via an introducing broker, such distributor(s) or introducing broker may act pursuant to a mandate granted by the Issuers or the Initial Dealer and may receive fees on the basis of the services performed and the outcome of the placement of the Notes. In this case, potential conflicts of interest could arise.

Additional risk factors relating to additional conflicts of interest with respect to such Notes may be specified in the applicable Final Terms.

In addition, unless otherwise specified in the applicable Final Terms, the Calculation Agent is an Affiliate of the Issuers and the Guarantor and in such capacity may make certain determinations and calculate amounts payable or deliverable to Noteholders. Under certain circumstances, the Calculation Agent as an Affiliate of the Issuers or the Guarantor and its responsibilities as Calculation Agent for the Notes could give rise to potential conflicts of interest between the Calculation Agent and the Noteholders. In performing its services in relation to the Notes, the Calculation Agent may in certain circumstances have a wide discretion and does not, in any case, act on behalf of, or accept any duty of care or fiduciary duty to any Noteholder or, except as required by law, any other person. Subject to regulatory obligations, the Calculation Agent will pursue actions and take steps that it deems necessary or appropriate in accordance with the Terms and Conditions of the Notes without regard to the consequences for Noteholders. The Calculation Agent may at any time be in possession of information in relation to the Notes which may not be available to Noteholders. There is no obligation on the Calculation Agent to disclose such information to Noteholders.

#### **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:

- (i) 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;
- (ii) 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;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with amounts payable in one or more currencies, or where the Specified Currency of the Notes is different from the potential investor's currency;

- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in any Reference Item Linked Notes may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Notes*" set out below.

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:

#### ***General risks and risks relating to Reference Item Linked Notes***

Reference Item Linked Notes involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a total loss of the purchase price of the Notes. This risk reflects the nature of such a Note as an asset which, other factors held constant, tends to decline in value over time and which may become worthless. See "*Certain Factors Affecting the Value and Trading Price of Notes*" below. Prospective purchasers of Notes should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Notes and the particular Reference Item to which the value of, or payments or deliveries in respect of, the relevant Notes may relate, as specified in the applicable Final Terms.

Reference Item Linked Notes will represent an investment linked to the economic performance of the relevant Reference Item(s) and prospective investors should note that the return (if any) on their investment in such Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may

not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Notes represent the right to receive payment or delivery, as the case may be, of the Final Redemption Amount(s), Cash Settlement Amount(s) or the Entitlement, as the case may be, as well as periodic payments of interest (if specified in the applicable Final Terms in respect of Notes), all or some of which and the value of which will be determined by reference to the performance of the relevant Reference Item(s).

As the amounts payable and/or deliverable in respect of Reference Item Linked Notes are linked to the performance of the relevant Reference Item(s), a purchaser of such a Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s). Assuming all other factors are held constant, the lower the value of such a Note and the shorter the remaining term to redemption or cancellation, as applicable, the greater the risk that purchasers of such Note will lose all or part of their investment.

Reference Item Linked Notes may be principal protected or non-principal protected at maturity. Investors in Reference Item Linked Notes that are non-principal protected at maturity may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) (IF ANY) ARE AND TO SEE HOW THE FINAL REDEMPTION AMOUNT OR THE ENTITLEMENT, AS THE CASE MAY BE, AND ANY PERIODIC INTEREST PAYMENTS ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY NOTES.**

Fluctuations in the value and/or volatility of the relevant Reference Item(s) will affect the value of the relevant Notes. Other factors which may influence the market value of Notes include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the relevant Reference Item(s) from time to time and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Notes.

The relevant Issuer may issue several issues of Notes relating to a particular Reference Item. However, no assurance can be given that an Issuer will issue any such Notes other than the Notes to which particular Final Terms relate. At any given time, the number of Notes outstanding may be substantial. Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the relevant Reference Item(s).

#### *Risks relating to Index Linked Notes*

The relevant Issuer may issue Index Linked Notes where the Final Redemption Amount or interest payable is dependent upon the level of an index or indices. The index or indices may comprise of reference equities, bonds, other securities, property, currency exchange rate or other assets or bases of reference, and may be a well known and widely published index or indices or an index or indices established by the relevant Issuer or another entity which may not be widely published or available. An investment in Index Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security.

Index Linked Redemption Notes may be redeemable by the relevant Issuer by payment of the par value amount and/or by the physical delivery of a specified asset or assets and/or by payment of an amount determined by reference to the value of the index/indices. Interest payable on Index Linked Interest Notes may be calculated by reference to the value of one or more indices.

Potential investors in Index Linked Notes should be aware that depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments may occur at a different time than expected and (iii) except in the case of Notes which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the index/indices do not move in the anticipated direction.

In addition, the movements in the level of the 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 yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the Final Redemption Amount or interest payable, or Entitlement deliverable, are 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 index or the indices on the Final Redemption Amount or interest payable, or Entitlement deliverable, will be magnified.

Index Linked Notes may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the level of the relevant index or indices reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or an interim payment;
- "Knock-out", being the occurrence of a specified knock-in event when the level of the relevant index or indices reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or an interim payment;
- "Trigger Event", being the occurrence of any index being equal to or less than the specified level for such index during the relevant observation period (or such other event as specified in the applicable Final Terms); and
- "Best/Worst Performance", being, in relation to Index Linked Notes referencing more than one index, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined by reference to the index or weighted basket of indices giving the highest performance or lowest performance on a specified observation date or dates.

In such circumstances, the market value of the Notes may be more volatile than for securities that do not include such features and the timing of changes to the level of the index or indices may affect the return on the Notes even if the level is generally consistent with an investor's expectations.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as an index or indices exceeding or falling below a specified level on an observation date or during an observation period), such Index Linked Notes will be redeemed prior to their designated Maturity Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Notes.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Notes with an investment that has a similar profile as the Index Linked Notes. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the level of the relevant index or indices that would have resulted

in a higher return on the Notes if they had not been redeemed or cancelled prior to their designated Maturity Date.

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Notes. In addition if an Index Adjustment Event occurs the Notes may be adjusted or early redeemed. Prospective purchasers should review the relevant Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

The market price of Index Linked Notes may be volatile and may depend on the time remaining to the redemption date or exercise date (as applicable) and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

#### *Risks relating to Equity Linked Notes and GDR/ADR Linked Notes*

The relevant Issuer may issue Equity Linked Notes where the Final Redemption Amount or interest payable are dependent upon the price of or changes in the price of shares or a basket of shares or where, depending on the price or change in the price of the shares or basket of shares, the relevant Issuer has an obligation to deliver specified assets. Accordingly, an investment in Equity Linked Notes may bear similar market risks to a direct equity investment and investors should take advice accordingly. An investment in Equity Linked Notes will entail significant risks not associated with a conventional debt security.

Equity Linked Redemption Notes may be redeemable by the relevant Issuer by payment of the par value amount and/or by the physical delivery of a specified number of share(s) and/or by payment of an amount determined by reference to the value of the share(s).

Interest payable on Equity Linked Interest Notes may be calculated by reference to the value of one or more shares.

Potential investors in Equity Linked Notes should be aware that depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Notes which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the share(s) do not move in the anticipated direction.

In addition, the movements in the price of the share or basket of shares 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 price of the share or shares 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 price of the share or shares, the greater the effect on yield.

If the Final Redemption Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share or shares on the Final Redemption Amount or interest payable, or Entitlement deliverable, will be magnified.

Equity Linked Notes may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the price of the relevant share or basket of shares or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Knock-out", being the occurrence of a specified knock-in event when the price of the relevant share or basket of shares reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Trigger Event", being the occurrence of any share being equal to or less than the specified price for such share during the relevant observation period (or such other event as specified in the applicable Final Terms); and
- "Best/Worst Performance", being, in relation to Equity Linked Notes referencing more than one share, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined by reference to the share or weighted basket of shares giving the highest performance or lowest performance on a specified observation date or dates.

In such circumstances, the market value of the Notes may be more volatile than for securities that do not include such features and the timing of changes to the price of the share or basket of shares may affect the return on the Notes even if the price is generally consistent with an investor's expectations.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as a share or basket of shares exceeding or falling below a specified price on an observation date or during an observation period), such Equity Linked Notes will be redeemed or cancelled prior to their designated Maturity Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Notes.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Notes with an investment that has a similar profile as the Equity Linked Notes. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the price of the relevant share or basket of shares that would have resulted in a higher return on the Notes if they had not been redeemed prior to their designated Maturity Date.

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Notes. Prospective purchasers should review the relevant Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

In the case of Equity Linked Notes following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes.

In addition, in the case of Equity Linked Notes, if a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to any Share, the relevant Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the relevant Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes;
- (ii) redeem part (in the case of Equity Linked Notes relating to a basket of Shares) or all (in any other case) of the Notes. Following such redemption or cancellation an investor generally would not be able to reinvest the redemption or cancellation proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed or cancelled and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time; and
- (iii) if the applicable Final Terms provide that "Share Substitution" is applicable, require the Calculation Agent to adjust the basket of Shares to include a share selected by it in accordance with the criteria for share selection set out in the applicable Final Terms in place of the Share(s) which are affected by such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency and the substitute shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

The market price of Equity Linked Notes may be volatile and may be affected by the time remaining to the redemption date or exercise date (as applicable), the volatility of the share or shares, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant share or shares as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such shares may be traded.

No issuer of the relevant share(s) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Equity Linked Notes and none of the Issuers, the Guarantor nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the trading price of the Notes.

Except as provided in the Conditions in relation to Physical Delivery Notes, Holders of Equity Linked Notes will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Notes relate.

The relevant Issuer may issue GDR/ADR Linked Notes where the Final Redemption Amount, Cash Settlement Amount or interest payable are dependent upon the value of GDRs or ADRs, or where, depending on the price of or change in the price of the GDRs or ADRs, the relevant Issuer has an obligation to deliver specified assets. Accordingly, an investment in GDR/ADR Linked Notes may

bear similar market risks to a direct GDR/ADR investment and investors should take advice accordingly. An investment in GDR/ADR Linked Notes will entail significant risks not associated with a conventional debt security.

GDR/ADR Linked Redemption Notes may be redeemable by the relevant Issuer by payment of the par value amount and/or by the physical delivery of a specified number of GDRs and/or ADRs and/or by payment of an amount determined by reference to the value of the GDRs and/or ADRs. Interest payable on GDR/ADR Interest Notes may be calculated by reference to the value of the GDRs and/or ADRs.

Potential investors in GDR/ADR Linked Notes should be aware that depending on the terms of such Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Notes which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the GDRs and/or ADRs does not move in the anticipated direction.

In addition, the movements in the price of the GDRs and/or ADRs 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 price of the GDRs and/or ADRs 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 price of the GDRs and/or ADRs, the greater the effect on yield.

If the Final Redemption Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the GDRs and/or ADRs on the Final Redemption Amount or interest payable, or Entitlement deliverable, will be magnified.

GDR/ADR Linked Notes may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the price of the relevant GDRs and/or ADRs breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Knock-out", being the occurrence of a specified knock-in event when the price of the relevant GDRs and/or ADRs reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Trigger Event", being the occurrence of any GDR and/or ADR being equal to or less than the specified price for such GDR/ADR during the relevant observation period (or such other event as specified in the applicable Final Terms); and
- "Best/Worst Performance", being, in relation to GDR/ADR Linked Notes referencing more than one GDR/ADR, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined by reference to the GDR/ADR or weighted basket of GDRs and/or ADRs giving the highest performance or lowest performance on a specified observation date or dates.

In such circumstances, the market value of the Notes may be more volatile than for securities that do not include such features and the timing of changes to the price of the GDRs and/or ADRs may affect the return on the Notes even if the price is generally consistent with an investor's expectations.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as any GDR and/or ADR or basket of GDRs and/or ADRs exceeding or falling below a specified price on an observation date or during an observation period), such GDR/ADR Linked Notes will be redeemed or cancelled prior to their designated Maturity Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Notes.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Notes with an investment that has a similar profile as the GDR/ADR Linked Notes. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the price of the relevant GDRs and/or ADRs that would have resulted in a higher return on the Notes if they had not been redeemed or cancelled prior to their designated Maturity Date.

The market price of GDR/ADR Linked Notes may be volatile and may be affected by the time remaining to the redemption date or exercise date (as applicable), the volatility of the GDRs and/or ADRs and the financial results and prospects of the issuer or issuers of the GDRs and/or ADRs as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such GDRs and/or ADRs may be traded.

#### *Risks relating to Currency Linked Notes*

The relevant Issuer may issue Currency Linked Notes where the Final Redemption Amount or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated. Accordingly, an investment in Currency Linked Notes may bear similar market risks to a direct foreign exchange investment and investors should take advice accordingly. An investment in Currency Linked Notes will entail significant risks not associated with a conventional debt security.

Currency Linked Redemption Notes may be redeemable by the relevant Issuer by payment of the par value amount and/or by the physical delivery of specified amount of one or more currencies and/or by payment of an amount determined by reference to the value of the currency/currencies. Interest payable on Currency Linked Interest Notes may be calculated by reference to the value of one or more currencies.

Potential investors in any Currency Linked Notes should be aware that depending on the terms of the Currency Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Notes which are principal protected at maturity, they may lose all or a substantial portion of their investment if the currency exchange rates do not move in the anticipated direction.

In addition, the movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates 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 price of the currency exchange rates, the greater the effect on yield.

If the Final Redemption Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on the Final Redemption Amount or interest payable, or Entitlement deliverable, will be magnified.

If any FX Market Disruption Event occurs or exists Noteholders should be aware that the Issuer may either direct the Calculation Agent (i) to make such consequential adjustments to the Notes (including any payment or delivery obligations or the currency of payment) as it determines and/or (ii) to determine any Reference Exchange Rate or to substitute any affected Reference Exchange Rate with a substitute Reference Exchange Rate or redeem all (but not some only) of the Notes in each case at the Early Redemption Amount.

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Linked Notes. Furthermore, investors who intend to convert gains or losses from the exercise, redemption or sale of Currency Linked Notes into their home currency may be affected by fluctuations in exchange rates between their home currency and Settled Currency (as defined below) of the Notes. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency/currencies, regardless of other market forces (see "*Exchange rate risks and exchange controls*" below).

#### *Risks relating to Commodity Linked Notes*

The relevant Issuer may issue Commodity Linked Notes where the Final Redemption Amount or interest payable are dependent upon the price or changes in the price of commodities, a basket of commodities, a commodity index or a basket of commodity indices or where, depending on the price or change in the price of the commodities, basket of commodities, commodity index or basket of commodity indices, the relevant Issuer has an obligation to deliver specified assets. Accordingly, an investment in Commodity Linked Notes may bear similar market risks to a direct commodity investment and investors should take advice accordingly. An investment in Commodity Linked Notes will entail significant risks not associated with a conventional debt security.

Commodity Linked Redemption Notes may be redeemable by the relevant Issuer by payment of the par value amount and/or by the physical delivery of specified amount of one or more commodities and/or by payment of an amount determined by reference to the value of the commodity, commodity index, commodities and/or commodity indices. Interest payable on Commodity Linked Interest Notes may be calculated by reference to the value of one or more commodity, commodity index, commodities and/or commodity indices.

Potential investors in Commodity Linked Notes should be aware that depending on the terms of the Commodity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Notes which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the commodity(ies) or commodity index(ices) do not move in the anticipated direction.

In addition, the movements in the price of the commodity(ies) or commodity index(ices) 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 price of the commodity(ies) or commodity index(ices) 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 price or level of the commodity(ies) or commodity index(ices), the greater the effect on yield.

If the Final Redemption Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price or level of the commodity(ies) or commodity index(ices) on the Final Redemption Amount or interest payable, or Entitlement deliverable, will be magnified.

Commodity Linked Notes may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the price of the relevant Commodity(ies) breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or interim payment
- "Knock-out", being the occurrence of a specified knock-in event when the price of the relevant Commodity(ies) reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or interim payment
- "Trigger Event", being the occurrence of any Commodity(ies) being equal to or less than the specified price for such Commodity(ies) during the relevant observation period (or such other event as specified in the applicable Final Terms).
- "Best/Worst Performance", being in relation to Commodity Linked Notes referencing more than one Commodity, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined by reference to the Commodity or weighted basket of Commodities giving the highest performance ("Best Performance") or lowest performance ("Worst Performance") on a specified observation date or dates

In such circumstances, the market value of the Notes may be more volatile than for securities that do not include such features and the timing of changes to the price of the Commodities may affect the return on the Notes even if the price is generally consistent with an investor's expectations.

If "Mandatory Early Termination Provisions" are specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as any Commodity or basket of Commodities exceeding or falling below a specified price on an observation date or during an observation period), such Commodity Linked Notes will be redeemed or cancelled prior to their designated Maturity Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Notes.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Notes with an investment that has a similar profile as the Commodity Linked Notes. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the price of the relevant Commodities that would have resulted in a higher return on the Notes if they had not been redeemed or cancelled prior to their designated Maturity Date.

The market price of Commodity Linked Notes may be volatile and may be affected by the time remaining to the redemption date or exercise date (as applicable), the volatility of the commodity(ies) or commodity index(ices) as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such commodity(ies) may be traded.

#### *Risks relating to Fund Linked Notes*

The relevant Issuer may issue Fund Linked Notes where the Final Redemption Amount or interest payable are dependent upon the price or changes in the price of fund interest(s), share(s) or unit(s) or where, depending on the price or changes in the price of fund interest(s), share(s) or unit(s), the relevant Issuer has an obligation to deliver specified assets. Accordingly, an investment in Fund Linked Notes may bear similar market risks to a direct fund investment and investors should take advice accordingly. An investment in Fund Linked Notes will entail significant risks not associated with a conventional debt security, including but not limited to changes in investment strategies,

dependence on certain personnel, the impact of fees and commissions, conflict of interest and the legal, accounting and tax analysis of fund interests, shares or units.

Fund Linked Redemption Notes may be redeemable by the relevant Issuer by payment of the par value amount and/or by the physical delivery of specified amount of one or more fund shares or units and/or by payment of an amount determined by reference to the value of the fund interest(s), share(s) or unit(s). Interest payable on Fund Linked Interest Notes may be calculated by reference to the value of one or more fund interests, shares or units.

Potential investors in Fund Linked Notes should be aware that depending on the terms of the Fund Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Notes which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the fund interest(s), share(s) or unit(s) do not move in the anticipated direction.

In addition, the movements in the price of fund interest(s), share(s) or unit(s) 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 price of the fund interest(s), share(s) or unit(s) 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 price or prices of the fund interest(s), share(s) or unit(s), the greater the effect on yield.

If the Final Redemption Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the fund interest(s), share(s) or unit(s) on the Final Redemption Amount or interest payable, or Entitlement deliverable, will be magnified.

The price of fund interest(s), unit(s) or share(s) may be affected by the performance of the fund service providers, and in particular the expertise of the investment adviser and/or the management team.

In the case of Fund Linked Notes linked to Exchange Traded Funds, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Notes. Prospective purchasers should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

In the case of Fund Linked Notes linked to Exchange Traded Funds, following the declaration by the ETF of the occurrence of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical relevant Fund Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Notes.

In addition, (a) in the case of any Fund Linked Notes, if a Merger Event, Tender Offer, Material Underlying Event, Nationalisation or Insolvency occurs in relation to any Fund Share, and (b) in the case of Fund Linked Notes linked to Exchange Traded Funds only, a De-Listing occurs in relation to any Fund Share, the relevant Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Notes;
- (ii) require the Calculation Agent to replace a Fund Interest with a replacement fund interest with a value as determined by the Calculation Agent equal to the removal value for the replaced Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the replaced Fund Interest immediately prior to the occurrence of the Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalisation or Insolvency; and
- (iii) redeem all of the Notes. Following such redemption or cancellation an investor generally would not be able to reinvest the redemption or cancellation proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed or cancelled and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

The market price of Fund Linked Notes may be volatile and may depend on the time remaining to the redemption date or exercise date (as applicable) and the volatility of the price of fund share(s) or unit(s). The price of fund share(s) or unit(s) may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units in the fund or funds may be traded.

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

The relevant Issuer may issue Inflation Index Linked Notes where the amount of principal and/or interest or the settlement amount payable are 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 Index Linked Notes (i) they may receive no interest or a limited amount of interest, (ii) payment of principal, interest or the settlement amount may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. 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 Index Linked 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 Index Linked Conditions in conjunction with the applicable Final Terms.

If the amount of principal and/or interest or the settlement amount payable are 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 on principal 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) or, in the case of Notes with a redemption amount or settlement amount linked to inflation, in a reduction of the amount payable on redemption or settlement which in some cases could be less than the amount originally invested or zero.

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 and/or the redemption amount or settlement amount of Inflation Index Linked Notes 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 Index Linked 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 relating to Notes generally***

#### ***Notes and the Guarantee are Unsecured Obligations***

The Notes, and (in the case of Guaranteed Notes) the obligations of the Guarantor under the Guarantee, will constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer and the Guarantor, respectively, and will rank (save for certain obligations preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer and the Guarantor respectively, from time to time outstanding and, in the case of the Notes, will rank *pari passu* among themselves.

#### ***Market Disruption Event and Disrupted Day***

If an issue of Notes includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date, an Averaging Date or a Pricing Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date, an Averaging Date or a Pricing Date, any consequential postponement of the Valuation Date, Averaging Date or a Pricing Date or any alternative provisions for valuation provided in any Notes may have an adverse effect on the value of such Notes.

#### ***Settlement Disruption Event and Failure to Deliver due to Illiquidity***

In the case of Physical Delivery Notes, if a Settlement Disruption Event occurs or exists on the Maturity Delivery Date, settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The relevant Issuer in these circumstances also has the right to pay the Disruption Cash Redemption Price in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Notes. In addition if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms, and in the opinion of the Calculation Agent it is impossible or impracticable to deliver some or all of the Relevant Assets comprising the Entitlement when due as a result of illiquidity in the market for the Relevant Assets,

the relevant Issuer has the right to pay the Failure to Deliver Settlement Price in lieu of delivering those Relevant Assets.

#### *Expenses*

Holders of Physical Delivery Notes must pay all Expenses relating to such Physical Delivery Notes. As used in the Conditions, **Expenses** includes any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the redemption, exercise and settlement (as applicable) of such Notes and/or the delivery of the Entitlement.

#### *No claim against any Reference Item*

A Note will not represent a claim against any Reference Item and, in the event of any loss, a Holder will not have recourse under a Note to any Reference Item.

#### *Modification and Waivers*

The Conditions provide that the Principal Paying Agent and the relevant Issuer may, without the consent of Noteholders, agree to (i) any modification (subject to certain specific exceptions) of the Notes or the Agency Agreement which is not, in the sole opinion of the relevant Issuer, prejudicial to the interests of the Noteholders or (ii) any modification of the Notes or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law.

#### *Meetings of Noteholders*

The Conditions 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.

#### *Physical Delivery Requirements and Settlement Risk*

In order to receive the Entitlement in respect of a Physical Delivery Notes, the holder of such Notes must (1) duly deliver a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-Off Date and (2) pay the relevant Expenses.

Unless specified otherwise in the applicable Final Terms, the relevant Issuer has an option to vary settlement in respect of the Notes. If exercised by the relevant Issuer, this option will lead to Physical Delivery Notes being cash settled or Cash Settled Notes being physically settled. Exercise of such option may affect the value of the Notes.

#### *Illegality of Notes, Force Majeure and Hedging Disruption*

If the relevant Issuer determines that (i) the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes has or will become illegal in whole or in part for any reason, (ii) a Force Majeure Event exists and/or (iii) a General Hedging Disruption Event exists or occurs, the relevant Issuer may redeem or cancel, as applicable, the Notes.

If, in any of the above cases and to the extent permitted by applicable law, the relevant Issuer redeems or cancels the Notes, then the relevant Issuer will redeem each Note at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption, which may be less than the purchase price of the Notes and may in certain circumstances be zero.

### *EU Savings Directive*

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

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

If a payment were to be made in or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant Issuer, the Guarantor nor any Paying Agent, nor any institution where the Notes are deposited would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The relevant Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

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

The Issuers, the Guarantor and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (**FATCA**) or similar law implementing an intergovernmental approach to FATCA. In addition, pursuant to the Conditions of the Notes, the Issuers may issue further notes in respect of any Series of Notes already issued such that the further Notes shall be consolidated and form a single Series with the outstanding Notes. An issue of such further Notes after 31 December 2012 that will be consolidated and form a single Series with, and have the same operational identification numbers as, outstanding Notes issued on or before 31 December 2012 may result in such outstanding Notes also being subject to withholding.

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

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes

should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

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

#### *Change of law*

The terms of the Conditions are based on English 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 administrative practice after the date of this Base Prospectus.

#### *Additional Risk Factors*

Additional risk factors in relation to specific issues of Notes may be included in the applicable Final Terms.

#### ***Risks relating to Notes***

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

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

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

##### *Partly-paid Notes*

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

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

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

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

### *Eurosystem Eligibility*

There may be an intention (which, if applicable, will be specified in the applicable Final Terms) for certain Notes to be held in a manner which will allow Eurosystem eligibility. This simply means that such 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 satisfaction of the Eurosystem eligibility criteria.

### ***Risks related to the market generally***

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

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

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

The Issuers will pay amounts payable 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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the Final Redemption Amount in respect of the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, the Final Redemption Amount that investors may receive may be less than expected, or zero.

#### *Interest rate risks*

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

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a

recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings referred to in this Base Prospectus and/or the Final Terms will be disclosed in the applicable Final Terms.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## GENERAL DESCRIPTION OF THE PROGRAMME

Issuers:	<p>UniCredit S.p.A. (<b>UniCredit</b>)</p> <p>UniCredit Bank Ireland p.l.c. (<b>UniCredit Ireland</b>)</p> <p>UniCredit International Bank (Luxembourg) S.A. (<b>UniCredit International Luxembourg</b>)</p>
Guarantor:	Notes issued by UniCredit Ireland and UniCredit International Luxembourg will be guaranteed by UniCredit.
Description:	Structured Note Programme
Calculation Agent:	UniCredit Bank AG or such other calculation agent specified in the applicable Final Terms.
Arranger:	UniCredit S.p.A.
Principal Paying Agent:	Citibank, N.A., London Branch or such other agent(s) specified in the applicable Final Terms.
Types of Notes	<p>Under the Programme the Issuer may from time to time issue notes (<b>Notes</b>)</p> <p>Notes of any kind may be issued, including, but not limited to Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes and Inflation Index Linked Notes.</p>
Form of Notes:	Notes will be issued in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s).
Status of the Notes and the Guarantee:	The Notes, and (in the case of Guaranteed Notes) the obligations of the Guarantor under the Guarantee, will constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer or the Guarantor, as the case may be, and, in the case of the Notes, will rank <i>pari passu</i> among themselves.

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 admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as determined by the relevant Issuer. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.

Governing law: The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.

For the avoidance of doubt, with respect to Notes issued by UniCredit International Luxembourg, the provisions of Articles 86 to 94-8 of the Companies Act 1915 relating to meetings of Noteholders shall not apply.

## FORM OF THE NOTES

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

### Form of the Notes

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

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

Whilst any Note is represented by a Temporary 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 Global Note if the Temporary Global Notes is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such 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 and 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 Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive 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 Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership in a form to be provided by Euroclear and/or Clearstream, Luxembourg (unless such certificate has already been given) to the effect that the beneficial owners of interests in such 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. Such certification must have been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, must in turn have given a like certification (based on the certifications it has received) to the Principal Paying Agent. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date without such certification unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent 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 Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein, (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the relevant Issuer. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Notes Condition 10) has occurred and is continuing, or (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The relevant Issuer will promptly give notice to Noteholders in accordance with Notes Condition 14 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 Global Note) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

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

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

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

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

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

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

A Note may be accelerated by the holder thereof in certain circumstances described in Notes Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of the Deed of Covenant.

## FORM OF FINAL TERMS OF THE NOTES

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

*[Date]*

### IMPORTANT NOTICE

THE NOTES DESCRIBED HEREIN (NOTES), ANY GUARANTEE THEREOF AND ANY ENTITLEMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (SECURITIES ACT) OR UNDER ANY STATE SECURITIES LAWS AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'US PERSON' AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. FURTHERMORE, TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION (CFTC) UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED (CEA).

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

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
[guaranteed by UniCredit S.p.A.]  
under the  
Structured Note Programme

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 47 of Part A below, provided such person is one of the persons mentioned in Paragraph 47 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

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

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU].<sup>1</sup>

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<sup>1</sup> Consider including this legend where a non-exempt offer of Notes is anticipated (N.B. not relevant for an issue of a Tranche of Notes with a denomination equal to or greater than EUR 100,000 (or its equivalent in another currency).)

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

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

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Base Prospectus dated 26 June 2012 [and the supplement[s] to the Base Prospectus dated [●] and [●]] which [together] constitute[s] a base prospectus for the purposes of [the Prospectus Directive][Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in any relevant Member State of the European Economic Area, the **Prospectus Directive**), which includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU]. 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 [as so supplemented]. Full information on the Issuer[, the Guarantor,] and the offer of Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [are/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 on the website of UniCredit [www.unicreditgroup.eu](http://www.unicreditgroup.eu), as well as on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). Copies may be obtained, free of charge, from the Issuer at the address above. In addition, in the case of Notes listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing the 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.]*

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

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<sup>2</sup> Consider including this legend where only an exempt offer of Notes is anticipated (N.B. Not relevant for an issue of a Tranche of Notes with a denomination equal to or greater than EUR 100,000 (or its equivalent in another currency).)

2. Guarantor: [UniCredit S.p.A./Not Applicable]
3. Series Number: [      ]
- Tranche Number: [      ]
- If fungible with an existing Series, include details of that Series, including the date on which the Notes become fungible*
4. Specified Currency or Currencies: [              ]
5. Aggregate Nominal Amount:
- (i) Series: [              ]
- (ii) [Tranche: [              ]]
6. Issue Price: [              ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
7. (i) Specified Denominations: [              ](N.B. if the Notes are (i) to be admitted to trading on a European Economic Area exchange, the minimum denomination should be €100,000 or its equivalent or (ii) offered to the public for purposes of the Prospectus Directive the minimum denomination should be €1,000 or its equivalent)
- (ii) Calculation Amount: [              ]
- (If only one Specified Denomination, insert the Specified Denomination)*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
8. [(i)] Issue Date [and Interest Commencement Date]: [              ]
- (ii) [Interest Commencement Date (if different from the Issue Date): [              ]]
9. Maturity Date: [Fixed Rate Notes - specify date/Floating Rate Notes - Interest Payment Date falling on or nearest to [specify month]]
10. Interest Basis: [[      ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [      ] per cent. Floating Rate]

[Zero Coupon]  
[Index Linked Interest]  
[Equity Linked Interest]  
[Currency Linked Interest]  
[Commodity Linked Interest]  
[Fund Linked Interest]  
[Inflation Index Linked Interest]  
[Non-Interest bearing]  
[specify other]  
[(further particulars specified below)]

11. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Equity Linked Redemption]  
[Currency Linked Redemption]  
[Commodity Linked Redemption]  
[Fund Linked Redemption]  
[Inflation Index Linked Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

12. Change of Interest Basis or Redemption/ Payment Basis: [Applicable/Not Applicable]

*[Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis]*

13. Put/Call Options: [Investor Put][Issuer Call]  
[(further particulars specified below)]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

*[Insert if rate of return may be deemed to exceed a reasonable commercial return:*

Each Interest Amount payable under the Notes represents an amount payable by the Issuer (i) as consideration for use of the issue price by the Issuer and (ii) as compensation for and in recognition that *[insert relevant details as to additional risks for which the interest amount is consideration].*

14. Fixed Rate Notes [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]  
*(If payable other than annually, consider amending Condition 5)*  
*(Not applicable in the case of a flat coupon amount; in*

*which case consider disapplying interest accrual provisions in relation to any Early Redemption Amount.)*

- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other]

*(NB: This will need to be amended in the case of long or short coupons)*

- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount

- (iv) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment Date falling on [ ]/Not Applicable]

*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*

- (v) Day Count Fraction: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360 (ICMA)  
30/360  
30E/360  
30E/360 (ISDA)  
Other]

*[(NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate Notes denominated in euros)]*

- (vi) Determination Date(s): [ ] in each year

*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)]*

*(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

15. Floating Rate Notes [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Specified Period(s)/Specified [ ]

Interest Payment Dates:

- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): [            ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [            ]
- (vi) Screen Rate Determination: [Applicable/Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
  - Reference Rate: [            ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [            ]  
*(The second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), the first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant 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)*
  - Rate Multiplier: [Applicable/Not Applicable]  
(specify formula)
- (vii) ISDA Determination:
  - Floating Rate Option: [            ]

- Designated Maturity: [ ]
- Reset Date: [ ]
- (viii) Margin(s): [+/-] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum  
[Actual/Actual (ICMA)
- (xi) Day Count Fraction: 30/360  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360 (ICMA)  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions: [ ]
- 16. Zero Coupon Notes [Applicable/Not Applicable]  
  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(D)(c) and 7(J) apply/specify other]  
(Consider applicable day count fraction if not US\$ denominated)
- 17. Index Linked Interest Notes [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for Index Linked Notes* shall apply.]

- (i) Index/Basket of [ ]  
Indices/Proprietary  
Index/Index Sponsor(s): [The [ ] Index is a Multi-Exchange Index]  
  
[The Index Currency for the [ ] Index is [ ]]  
  
The Index Composition Percentage is [20] [ ] per cent. *[NB normally 20 per cent.]*
- (ii) Formula for calculating interest rate including back up provisions: [ ]
- (iii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ]
- (x) Averaging: [The Averaging Dates are [ ].]  
  
[In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]
- (xi) Index Performance: [Applicable - *(insert formula)*/Not Applicable]
  - (A) Best Performing [Applicable – the Best Performing Index means, with respect

	Index:	to [a Valuation Date, an Observation Date or an Averaging Date, ( <i>specify as applicable/other</i> )[, as the case may be,]] the Index having the highest Index Performance provided that if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
(B)	Worst Performing Index:	[Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, ( <i>specify as applicable/other</i> )[, as the case may be,]] the Index having the lowest Index Performance provided that if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date]/Not Applicable]
(xii)	Exchange Rate:	[Applicable/Not Applicable]  [ <i>insert details</i> ]
(xiii)	Weighting:	The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [     ]. ( <i>N.B. Only applicable in relation to Index Linked Notes relating to a Basket</i> )
(xiv)	Exchange(s):	[     ]
(xv)	Related Exchange:	[     ]/[All Exchanges]
(xvi)	Valuation Date(s):	[     ]
(xvii)	Valuation Time:	[     ]
(xviii)	Observation Date(s):	[     ]
(xix)	Observation Period:	[Applicable – the period from [(and including/but excluding)] [     ] to [(and including/but excluding) [     ]]/[Not Applicable]  ( <i>N.B. this definition will need to be revised if there is more than one Observation Period</i> )
(xx)	Disrupted Day:	If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [ <i>insert calculation method</i> ]  ( <i>N.B. Only applicable where provisions in Index Linked Conditions are not appropriate</i> )
(xxi)	Trade Date:	[     ]
(xxii)	Additional Disruption Events:	The following Additional Disruption Events apply to the Notes:

[Change of Law]

[Hedging Disruption]

[Increased Cost of Hedging]

[Insert other Additional Disruption Event(s)]

(xxiii) Other Adjustment  
Events and relevant  
consequences:

[ ]

(xxiv) Knock-in, Knock-out  
Provisions:

[Applicable – the provisions of Index Linked Condition 6  
apply to the Notes/Not Applicable]

*(If not applicable, delete remaining sub-paragraphs of this  
paragraph)*

(A) Knock-in  
Determination  
Day:

[ ]

(B) Knock-in Event  
and  
consequences of  
a Knock-in  
Event:

[ ]

(C) Knock-in Level:

[ ]

(D) Knock-in Period  
Beginning Date:

[ ]

(E) Knock-in Period  
Ending Date:

[ ]

(F) Knock-in  
Valuation Time:

[ ]

(G) Knock-out  
Determination  
Day:

[ ]

(H) Knock-out  
Event and  
consequences of  
a Knock-out  
Event:

[ ]

(I) Knock-out  
Level:

[ ]

(J) Knock-out  
Period  
Beginning Date:

[ ]

- (K) Knock-out  
Period Ending  
Date: [ ]
- (L) Knock-out  
Valuation Time: [ ]
- (M) Knock-  
in/Knock-out  
Determination  
Day  
consequences of  
a Disrupted  
Day: [Omission][Postponement]
- (N) Knock-  
in/Knock-out  
intraday  
valuation  
consequences of  
disruption: [Omission][Materiality]
- (O) Additional  
Knock-  
in/Knock-out [ ]  
Determination  
Day Disrupted *(N.B. Only applicable where provisions of the Index Linked  
Day provisions: Conditions are not appropriate)*
- (xxv) Trigger Event [Applicable/Not Applicable]  
Provisions:  
*(If not applicable, delete remaining sub-paragraphs of this  
paragraph)*
- (A) Trigger Event The following Trigger Events apply to the Notes:  
and  
consequences of [Trigger Event (Closing Observation)]  
a Trigger Event: [Trigger Event (Intraday Observation)]  
*[specify other and consequences]*
- (B) Trigger Event [ ]  
Observation  
Date: *(N.B. Only applicable where provisions of the Index Linked  
Conditions are not appropriate)*
- (C) Trigger Event [ ]  
Valuation Time:
- (D) Trigger [ per cent.]]  
Percentage:

- (E) Trigger Event [ ]  
Strike Level:
- (F) Trigger Event [Omission][Postponement]  
Observation  
Date  
consequences of  
a Disrupted  
Day:
- (G) Trigger Event [Omission][Materiality]  
intraday  
valuation  
consequences of  
disruption:
- (H) Additional [ ]  
Trigger Event  
Observation (N.B. Only applicable where provisions of the Index Linked  
Date Disrupted Conditions are not appropriate)  
Day provisions:
- (xxvi) Other terms or special  
conditions: [ ]
18. Equity Linked Interest Notes [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 2 of the Terms and Conditions –  
*Additional Terms and Conditions for Equity Linked Notes*  
shall apply.]
- (i) Share(s)/Basket of  
Share(s): [ ]
- (ii) Formula for calculating  
interest rate including  
back up provisions: [ ]
- (iii) Calculation Agent  
responsible for making  
calculations in respect of  
the Notes: [ ]
- (iv) Specified  
Period(s)/Specified  
Interest Payment Dates: [ ]
- (v) Business Day  
Convention: [Floating Rate Convention/Following Business Day  
Convention/Modified Following Business Day  
Convention/Preceding Business Day Convention/specify

*other]*

- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ]
- (viii) Maximum Rate of Interest: [ ]
- (ix) Day Count Fraction: [ ]
- (x) Averaging: [The Averaging Dates are [ ]].
- [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (xi) Share Performance: [Applicable - (*insert formula*)/Not Applicable]
- (A) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]] the Share having the highest Share Performance provided that if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
- (B) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]] the Share having the lowest Share Performance provided that if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date]/Not Applicable]
- (xii) Exchange Rate: [Applicable/Not Applicable]
- (*insert details*)
- (xiii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [ ]. (*N.B. Only applicable in relation to Equity Linked Notes relating to a Basket*)
- (xiv) Exchange(s): [ ]
- (xv) Related Exchange: [ ]/[All Exchanges]
- (xvi) Valuation Date(s): [ ]

- (xvii) Valuation Time: [     ]
- (xviii) Observation Date(s): [     ]
- (xix) Observation Period: [Applicable – the period from [(and including/but excluding)] [     ] to [(and including/but excluding)] [     ]/[Not Applicable]
- (N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xx) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated [*insert calculation method*]
- (N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)*
- (xxi) Tender Offer: [Applicable/Not Applicable]
- (xxii) Share Substitution: [Applicable/Not Applicable]
- [If Applicable: Share Substitution Criteria is [     ]]
- (xxiii) Trade Date: [     ]
- (xxiv) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change of Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Initial Stock Loan Rate: [     ]]  
[Insolvency Filing]  
[Loss of Stock Borrow]  
[Maximum Stock Loan Rate: [     ]]  
[Insert other Additional Disruption Event(s)]
- (xxv) Other Adjustment Events and relevant consequences: [     ]
- (xxvi) Knock-in, Knock-out Provisions: [Applicable – the provisions of Equity Linked Condition 12 apply to the Notes/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Knock-in Determination Day: [     ]
- (B) Knock-in Event [     ]

and  
consequences of  
a Knock-in  
Event:

- (C) Knock-in Level: [       ]
- (D) Knock-in Period  
Beginning Date: [       ]
- (E) Knock-in Period  
Ending Date: [       ]
- (F) Knock-in  
Valuation Time: [       ]
- (G) Knock-out  
Determination  
Day: [       ]
- (H) Knock- out  
Event and  
consequences of  
a Knock-out  
Event: [       ]
- (I) Knock-out  
Level: [       ]
- (J) Knock-out  
Period  
Beginning Date: [       ]
- (K) Knock-out  
Period Ending  
Date: [       ]
- (L) Knock-out  
Valuation Time: [       ]
- (M) Knock-  
in/Knock-out  
Determination  
Day  
consequences of  
a Disrupted  
Day: [Omission][Postponement]
- (N) Knock-  
in/Knock-out  
intraday  
valuation  
consequences of  
disruption: [Omission][Materiality]

- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [ ]  
(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)
- (xxvii) Trigger Event Provisions: [Applicable/Not Applicable]  
(If not applicable, delete remaining sub-paragraphs of this paragraph)
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[Trigger Event (Intraday Observation)]  
[specify other and consequences]
- (B) Trigger Event Observation Date: [ ]  
(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)
- (C) Trigger Event Valuation Time: [ ]
- (D) Trigger Percentage: [ per cent.]]
- (E) Trigger Event Strike Level: [ ]
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)

- (xxviii) Other terms or special conditions: [     ]
- (xxix) GDR/ADR Linked Notes: [Applicable/Not Applicable]
19. Currency Linked Interest Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 3 of the Terms and Conditions - *Additional Terms and Conditions for Currency Linked Notes* shall apply.]
- (i) Base Currency/Subject Currency: [     ]
- (ii) Currency Price: [     ]
- (N.B. Complete only if different from definition contained in Annex 3 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked Notes)*
- [As defined in sub-paragraph [(a)(i)/(a)(ii)] of the definition of "Currency Price" in Currency Linked Condition 2]
- (N.B. Applicable where the Notes relate to a basket of Currencies)*
- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]
- [Insert other FX Market Disruption Event(s)]
- (N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)*
- (iv) FX Price Source(s): [     ]
- (v) Specified Financial Centre(s): [     ]
- (vi) Formula for calculating interest rate including back up provisions: [     ]
- (vii) Calculation Agent responsible for making calculations in respect of the Notes: [     ]
- (viii) Specified Period(s)/Specified [     ]

Interest Period:

- (ix) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (x) Additional Business Centre(s): [       ]
- (xi) Minimum Rate of Interest: [       ]
- (xii) Maximum Rate of Interest: [       ]
- (xiii) Day Count Fraction: [       ]
- (xiv) Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [       ].] [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] shall apply.]
- (xv) Other Adjustment Events and relevant consequences: [       ]
- (xvi) Currency Performance [Applicable - (*insert formula*)/Not Applicable]
- (A) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]] the Reference Exchange Rate having the highest Currency Performance provided that if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]
- (B) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]] the Reference Exchange Rate having the lowest Currency Performance provided that if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable]
- (xvii) Valuation Date(s): [       ]
- (xviii) Valuation Time: [       ]

- (xix) Observation Date(s): [ ]
- (xx) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]
- (N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [ ].
- (N.B. Only applicable in relation to Currency Linked Notes relating to a Basket)*
- (xxii) Other Adjustment Events and relevant consequences: [ ]
- (xxiii) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:
- [Trigger Event (Closing Observation)]
- [Trigger Event (Intraday Observation)]
- [specify other and consequences]*
- (B) Trigger Event Observation Date: [ ]
- (N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Notes are not appropriate)*
- (C) Trigger Event Observation Price: [ ]
- (D) Trigger Event Valuation Time: [ ]
- (E) Trigger Percentage: [ per cent.]
- (F) Trigger Event Strike Price: [ ]
- (G) Trigger Event Observation Date: [Omission][Postponement]

			consequences of an FX Disrupted Day:	
	(H)	Trigger Event	intraday valuation consequences of disruption:	[Omission][Materiality]
	(I)	Additional Trigger Event Observation Date Disrupted Day provisions:		[      ] (N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)
	(xxiv)	Other terms or special conditions:		[      ]
20.	Commodity Linked Interest Notes:			[Applicable/Not Applicable]  (If not applicable, delete the remaining sub-paragraphs of this paragraph)  [The provisions of Annex 4 of the Terms and Conditions - <i>Additional Terms and Conditions for Commodity Linked Notes</i> shall apply.]
	(i)	Commodity/Commodities/Commodity Index/Basket of Commodity Indices:		[      ][which is deemed to be Bullion][in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centre(s): [      ]]
	(ii)	Formula for calculating interest rate including back up provisions:		[      ]
	(iii)	Calculation Agent responsible for making calculations in respect of the Notes:		[      ]
	(iv)	Specified Period(s)/Specified Interest Payment Dates:		[      ]
	(v)	Business Day Convention:		[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(vi)	Additional Business Centre(s):		[      ]
	(vii)	Minimum Rate of		[      ]

- Interest:
- (viii) Maximum Rate of Interest: [      ]
  - (ix) Day Count Fraction: [      ]
  - (x) Commodity Reference Price: [      ]
  - (xi) Price Source: [      ]
  - (xii) Exchange: [      ]
  - (xiii) Delivery Date: [      ]
  - (xiv) Pricing Date: [      ]
  - (xv) Common Pricing: [Applicable/Not Applicable] *(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
  - (xvi) Additional Market Disruption Events: [specify any applicable additional Market Disruption Events]
  - (xvii) Additional provisions for Commodity Trading Disruption: [Not Applicable]  
*[If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price]*
  - (xviii) Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[      ]  
Commodity Index Cut-Off Date: [      ]
  - (xix) Relevant Number: [Five/[      ] (for purposes of Delayed Publication or Announcement, Postponement and Disruption Fallback)]
  - (xx) Commodity Business Day: [Commodity Linked Condition 2 applies/*insert other*]
  - (xxi) Trade Date: [      ]
  - (xxii) Weighting: The weighting to be applied to each item comprising the Basket is [      ]  
*(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
  - (xxiii) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]  
[closing price]

[opening price]  
 [bid price]  
 [asked price]  
 [average of the bid price and the asked price]  
 [settlement price]  
 [official settlement price]  
 [official price]  
 [morning fixing]  
 [afternoon fixing]  
 [spot price]  
 [other]

(xxiv) Other Adjustment Events and relevant consequences: [ ]

(xxv) Knock-in, Knock-out Provisions: [Applicable – the provisions of Commodity Linked Condition 6 apply to the Notes/Not Applicable]

*(If not applicable, delete remaining sub-paragraphs of this paragraph)*

(A) Knock-in Determination Day: [ ]

(B) Knock-in Event and consequences of a Knock-in Event: [ ]

(C) Knock-in Level: [ ]

(D) Knock-in Period Beginning Date: [ ]

(E) Knock-in Period Ending Date: [ ]

(F) Knock-out Determination Day: [ ]

(G) Knock-out Event and consequences of a Knock-out Event: [ ]

(H) Knock-out Level: [ ]

(I) Knock-out [ ]

- Period  
Beginning Date:
- (J) Knock-out  
Period Ending  
Date: [ ]
- (K) Knock-  
in/Knock-out  
Determination  
Day  
consequences of  
Market  
Disruption  
Event: [Omission][Market Disruption Applicable][Materiality]
- (L) Additional  
Knock-  
in/Knock-out  
Determination  
Day Market [ ]  
Disruption  
Event *(N.B. Only applicable where provisions of Commodity*  
Adjustments: *Linked Conditions are not appropriate)*
- (xxvi) Trigger Event [Applicable/Not Applicable]  
Provisions: *(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event The following Trigger Events apply to the Notes:  
and  
consequences of [Trigger Event (Closing Observation)]  
a Trigger Event: *[specify other and consequences]*
- (B) Trigger Event [ ]  
Observation  
Date: *(N.B. Only applicable where provisions in the Additional*  
*Terms and Conditions for Commodity Linked Notes are not*  
*appropriate)*
- (C) Trigger Event  
Observation  
Period: [ ]
- (D) Trigger [ per cent.]]  
Percentage:
- (E) Trigger Event  
Strike Level: [ ]
- (F) Trigger Event  
Observation  
Date

	consequences of a Market Disruption Event:	[Omission][ Market Disruption Applicable] [Materiality]
(G)	Additional Trigger Event Observation Date Market Disruption Event provisions:	[      ]  (N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)
(xxvii)	Other terms or special conditions:	[      ]
21.	Fund Linked Interest Notes	[Applicable/Not Applicable]  (If not applicable, delete the remaining sub-paragraphs of this paragraph)  [The provisions of Annex 5 of the Terms and Conditions – Additional Terms and Conditions for Fund Linked Notes shall apply.]
(i)	Fund/Basket of Funds:	[      ][The [      ] Fund is an ETF.]  [[The Exchange for each Fund Share: [      ]] [Related Exchange for each Fund Share: [      ]/All Exchanges]]  [Underlying Index for each ETF: [      ]] [Exchange for each Fund Share: [      ]] [Related Exchange for each Fund Share: [      ]/All Exchanges]] [Underlying Index: [      ]] [Applicable Index Composition Percentage: [      %]] (N.B. Include for ETFs)
(ii)	Fund Interests:	[      ]
(iii)	Formula for calculating interest rate including back up provisions:	[      ]
(iv)	Calculation Agent responsible for making calculations in respect of the Notes:	[      ]
(v)	Specified Period(s)/Specified Interest Payment Dates:	[      ]
(vi)	Business Day	[Floating Rate Convention/Following Business Day

	Convention:	Convention/Modified Convention/Preceding other]	Following Business Day	Business Day Convention/specify
(vii)	Additional Business Centre(s):	[      ]		
(viii)	Minimum Rate of Interest:	[      ]	per cent. per annum	
(ix)	Maximum Rate of Interest:	[      ]	per cent. per annum	
(x)	Day Count Fraction:	[      ]		
(xi)	Trade Date:	[      ]		
(xii)	Valuation Date(s):	[      ]		
(xiii)	Valuation Time:	[      ]		
(xiv)	Other Fund Events:	[insert any additional Fund Events]		
(xv)	NAV Trigger Event Percentage:	[      ]		
(xvi)	Fund Volatility Event:	[specify if required]		
(xvii)	AUM Limit:	[      ]		
(xviii)	Other Adjustment Events and relevant consequences:	[      ]		
(xix)	Other terms or special conditions:	[      ]		
22.	Inflation Index Linked Interest Notes:	[Applicable/Not Applicable]		
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>		
		[The provisions of Annex 6 of the Terms and Conditions – <i>Additional Terms and Conditions for Inflation Index Linked Notes</i> shall apply.]		
(i)	Inflation Index/Inflation Indices:	[      ]		
		<i>(Give or annex details of index/indices)</i>		
(ii)	Inflation Index Sponsor(s):	[      ]		
(iii)	Formula for calculating interest rate including	[      ]		

back up provisions:

- (iv) Calculation Agent responsible for making calculations in respect of the Notes: [      ]
- (v) Specified Period(s)/Specified Interest Payment Dates: [      ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vii) Additional Business Centre(s): [      ]
- (viii) Minimum Rate of Interest: [      ] per cent. per annum
- (ix) Maximum Rate of Interest: [      ] per cent. per annum
- (x) Day Count Fraction: [      ]
- (xi) Trade Date: [      ]
- (xii) Valuation Date(s): [      ]
- (xiii) Reference Source(s): [      ]
- (xiv) Formula: [      ]
- (xv) Related Bond: [Applicable] / [Not Applicable]  
The Related Bond is: [      ] [Fallback Bond]  
The issuer of the Related Bond is: [      ]
- (xvi) Fallback Bond: [Applicable] / [Not Applicable]
- (xvii) Reference Month: [      ]
- (xviii) Determination Date(s): [      ]
- (xix) Cut-Off Date: [      ]
- (xx) End Date: [      ]  
*(This is necessary whenever Fallback Bond is Applicable)*
- (xxi) Additional Disruption Events: [As per Inflation Index Linked Conditions] / [Specify other]

(xxii) Other Adjustment [ ]  
Events and relevant  
consequences:

(xxiii) Other terms or special [ ]  
conditions:

## PROVISIONS RELATING TO REDEMPTION

23. Issuer Call: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption  
Date(s): [ ]

(ii) Optional Redemption  
Amount(s) of each Note  
and method, if any, of  
calculation of such  
amount(s): [ ] per Calculation Amount

(iii) If redeemable in part:

(A) Minimum  
Redemption  
Amount: [ ]

(B) Maximum  
Redemption  
Amount: [ ]

(iv) Notice period (if other  
than as set out in the  
Conditions): [ ]

24. Investor Put: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption  
Date(s): [ ]

(ii) Optional Redemption  
Amount(s) of each Note  
and method, if any, of  
calculation of such  
amount(s): [ ] per Calculation Amount

(iii) Notice period (if other  
than as set out in the [ ]

Conditions):

25. Final Redemption Amount of each Note: [[ ] per Calculation Amount/specify other/Not Applicable (For Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked Redemption Notes and Inflation Index Linked Redemption Notes state "Not Applicable" and complete relevant section in paragraphs [26] – [32] below)]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
26. Early Redemption Amount(s) of each Notes payable on redemption for taxation reasons or on an event of default or on an illegality (or, where otherwise required for purposes of any other relevant redemption specified in the Conditions and/or the method of calculating the same (if required or if different from that set out in Condition 7(E))): [ /Market Value less Associated Costs /Other] per Calculation Amount
- (N.B. In the case of Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked and Inflation Index Linked or where otherwise relevant, consider deducting the cost to the Issuer and/or its affiliates of unwinding or adjusting any underlying or related funding and/or hedging arrangements in respect of the Notes)*
27. Index Linked Redemption Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 1 of the Terms and Conditions – Additional Terms and Conditions for Index Linked Notes shall apply.]
- (i) Index/Basket of Indices/ Index Sponsor(s): [ ]
- [The [ ] Index is a Multi-Exchange Index]  
[The Index Currency for the [ ] Index is [ ]]  
The Index Composition Percentage is [20] [ ] per cent. [NB normally 20 per cent.]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- [ ] per Calculation Amount
- (iii) Final Redemption Amount: *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive*

*Regulation will apply.)*

- (iv) Averaging: [The Averaging Dates are [        ].]
- [In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]
- (v) Index Performance: [Applicable - *(insert formula)*/Not Applicable]
- (A) Best Performing Index: [Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date, *(specify as applicable/other)*], as the case may be,] the Index having the highest Index Performance provided that if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
- (B) Worst Performing Index: [Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date *(specify as applicable/other)*], as the case may be,] the Index having the lowest Index Performance provided that if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]
- [*insert details*]
- (b) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [        ]. (*N.B. Only applicable in relation to Index Linked Notes relating to a Basket*)
- (vii) Exchange(s): [        ]
- (viii) Related Exchange: [        ]/[All Exchanges]
- (ix) Valuation Date(s): [        ]
- (x) Valuation Time: [        ]
- (xi) Observation Date(s): [        ]
- (xii) Observation Period: [Applicable – the period from [(and including/but excluding)] [        ]to (and including/but excluding) [        ]][Not Applicable]

*(N.B. this definition will need to be revised if there is more*

*than one Observation Period)*

- (xiii) Disrupted Day: If a Valuation Date, an Averaging Date, an Observation Date or a Mandatory Early Termination Valuation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*]

*(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)*

- (xiv) Trade Date: [[ ]/Not Applicable]
- (xv) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change of Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Insert other Additional Disruption Event(s)]
- (xvi) Other Adjustment Events and relevant consequences: [ ]
- (xvii) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 6 apply to the Notes/Not Applicable]

*(If not applicable, delete remaining sub-paragraphs of this paragraph)*

- (A) Knock-in Determination Day: [ ]
- (B) Knock-in Event and consequences of a Knock-in Event: [ ]
- (C) Knock-in Level: [ ]
- (D) Knock-in Period Beginning Date: [ ]
- (E) Knock-in Period Ending Date: [ ]
- (F) Knock-in Valuation Time: [ ]
- (G) Knock-out Determination Day: [ ]

- (H) Knock-out Event and consequences of a Knock-out Event: [ ]
- (I) Knock-out Level: [ ]
- (J) Knock-out Period Beginning Date: [ ]
- (K) Knock-out Period Ending Date: [ ]
- (L) Knock-out Valuation Time: [ ]
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [ ] *(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)*
- (xviii) Trigger Event Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[Trigger Event (Intraday Observation)]

[specify other and consequences]

- (B) Trigger Event [ ]  
Observation  
Date: (N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Notes are not appropriate)
- (C) Trigger Event [ ]  
Valuation Time:
- (D) Trigger [ ] per cent.]]  
Percentage:
- (E) Trigger Event  
Strike Level:
- (F) Trigger Event [Omission][Postponement]  
Observation  
Date  
consequences of  
a Disrupted  
Day:
- (G) Trigger Event [Omission][Materiality]  
intraday  
valuation  
consequences of  
disruption:
- (H) Additional [ ]  
Trigger Event  
Observation (N.B. Only applicable where provisions of Index Linked  
Date Disrupted Conditions are not appropriate)  
Day provisions:
- (xix) Mandatory Early [Applicable - the provisions of Index Linked Condition 8  
Termination: apply to the Notes/Not Applicable]  
  
(If Not Applicable, delete the following sub-paragraphs)
- (A) Mandatory [ ]  
Early  
Termination (N.B. Only applicable where provisions of Index Linked  
Amount: Conditions are not appropriate)
- (B) Mandatory  
Early  
Termination  
Calculation  
Amount: [Each Calculation Amount][specify other]
- (C) Mandatory [ ]

- Early Termination Date:
- (D) Mandatory Early Termination Event: [      ]
- (E) Mandatory Early Termination Level: [      ]
- (F) Mandatory Early Termination Rate: [      ]
- (G) Mandatory Early Termination Valuation Date: [      ] *(N.B. Specify if consequences of a Disrupted Day are other than as provided in the Index Linked Conditions)*
- (H) Mandatory Early Termination Valuation Time: [      ]
- (xx) Other terms or special conditions: [      ]
28. Equity Linked Redemption Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 2 of the Terms and Conditions – *Additional Terms and Conditions for Equity Linked Notes* shall apply.]
- (i) Share(s) / Basket of Shares: [      ]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [      ]
- (iii) Final Redemption Amount: [      ] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and*

*the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

- (iv) Averaging: [The Averaging Dates are [      ].]  
[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (v) Share Performance: [      ]
- (A) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)[, as the case may be,]] the Share having the highest Share Performance provided that if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
- (B) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)[, as the case may be,]] the Share having the lowest Share Performance provided that if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]  
[insert details]
- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [      ]. (*N.B. Only applicable in relation to Equity Linked Notes relating to a Basket*)
- (viii) Exchange(s): [      ]
- (ix) Related Exchange: [      ]/[All Exchanges]
- (x) Valuation Date(s): [      ]
- (xi) Valuation Time: [      ]
- (xii) Observation Date(s): [      ]
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [      ] to (and including/but excluding) [      ]][Not Applicable]

*(N.B. this definition will need to be revised if there is more than one Observation Period)*

- (xiv) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated *[insert calculation method]*.  
  
*(N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)*
- (xv) Tender Offer: [Applicable/Not Applicable]
- (xvi) Share Substitution: [Applicable/Not Applicable]  
  
[If Applicable: Share Substitution Criteria is [     ]]
- (xvii) Trade Date: [     ]
- (xviii) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
  
[Change of Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Initial Stock Loan Rate: [     ]]  
[Insolvency Filing]  
[Loss of Stock Borrow]  
[Maximum Stock Loan Rate: [     ]]  
[Insert other Additional Disruption Event(s)]
- (xix) Other Adjustment Events and relevant consequences: [     ]
- (xx) Knock-in, Knock-out Provisions: [Applicable – the provisions of Equity Linked Condition 12 apply to the Notes/Not Applicable]  
  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (C) Knock-in Determination Day: [     ]
- (D) Knock-in Event and consequences of a Knock-in Event: [     ]
- (E) Knock-in Level: [     ]
- (F) Knock-in Period Beginning Date: [     ]

- (G) Knock-in Period  
Ending Date: [ ]
- (H) Knock-in  
Valuation Time: [ ]
- (I) Knock-out  
Determination  
Day: [ ]
- (J) Knock-out  
Event and  
consequences of  
a Knock-out  
Event: [ ]
- (K) Knock-out  
Level: [ ]
- (L) Knock-out  
Period  
Beginning Date: [ ]
- (M) Knock-out  
Period Ending  
Date: [ ]
- (N) Knock-out  
Valuation Time: [ ]
- (O) Knock-  
in/Knock-out  
Determination  
Day  
consequences of  
a Disrupted Day: [Omission][Postponement]
- (P) Knock-  
in/Knock-out  
intraday  
valuation  
consequences of  
disruption: [Omission][Materiality]
- (Q) Additional  
Knock-  
in/Knock-out [ ]  
Determination  
Day Disrupted (N.B. Only applicable where provisions of Index Linked  
Day provisions: Conditions are not appropriate)
- (xxi) Trigger Event [Applicable/Not Applicable]  
Provisions: (If not applicable, delete remaining sub-paragraphs of this

paragraph)

- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
[Trigger Event (Intraday Observation)]  
[specify other and consequences]
- (B) Trigger Event Observation Date: [ ]  
(N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Notes are not appropriate)  
[ ]
- (C) Trigger Event Valuation Time: [ per cent.]]
- (D) Trigger Percentage: [ ]
- (E) Trigger Event Strike Level: [Omission][Postponement]
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Materiality]
- (G) Trigger Event intraday valuation consequences of disruption:
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: [ ]  
(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)
- (xxii) Mandatory Early Termination: [Applicable - the provisions of Equity Linked Condition 14 apply to the Notes/Not Applicable]  
(If Not Applicable, delete the following sub-paragraphs)
- (A) Mandatory Early Termination Amount: [ ]  
(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)

- (B) Mandatory Early Termination Calculation Amount: [Each Calculation Amount][*specify other*]
- (C) Mandatory Early Termination Date: [ ]
- (D) Mandatory Early Termination Event: [ ]
- (E) Mandatory Early Termination Level: [ ]
- (F) Mandatory Early Termination Rate: [ ]
- (G) Mandatory Early Termination Valuation Date: [ ]  
(*N.B. Specify if consequences of a Disrupted Day are other than as provided in the Index Linked Conditions*)
- (H) Mandatory Early Termination Valuation Time: [ ]
- (xxiii) Other terms or special conditions: [ ]
- (xxiv) GDR/ADR Linked Notes: [Applicable/Not Applicable]
29. Currency Linked Redemption Notes: [Applicable/Not Applicable]  
  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)  
  
[The provisions of Annex 3 of the Terms and Conditions – *Additional Terms and Conditions for Currency Linked Notes* shall apply.]
- (i) Base Currency/Subject Currency: [ ]  
  
(*where the Notes relate to a Basket of Currencies, state each Base Currency and Subject Currency*)
- (ii) Currency Price: [ ]  
  
(*N.B. Complete only if different from definition contained in Annex 3 of the Terms and Conditions - Additional Terms and*

*Conditions for Currency Linked Notes)*

[As defined in sub-paragraph [(x)/(y)] of the definition of "Currency Price" in Currency Linked Condition 2]

*(N.B. Applicable where the Notes relate to a basket of Currencies)*

- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]  
[Insert other FX Market Disruption Event(s)]  
  
*(N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)*
- (iv) FX Price Source(s): [ ]
- (v) Specified Financial Centre(s): [ ]
- (vi) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (vii) Final Redemption Amount: [ ] per Calculation Amount  
  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (viii) Averaging: Averaging [applies/does not apply] to the Notes. [The Averaging Dates are [ ].]
- (ix) Currency Performance [Applicable - (insert formula)/Not Applicable]
- (A) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)[, as the case may be,]] the Reference Exchange Rate having the highest Currency Performance provided that if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]
- (B) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)[, as the case may be,]] the Reference

Exchange Rate having the lowest Currency Performance provided that if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable].

- (x) Valuation Date(s): [ ]
- (xi) Valuation Time: [ ]
- (xii) Observation Date(s): [ ]
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [ ] to (and including/but excluding) [ ]][Not Applicable]

*(N.B. this definition will need to be revised if there is more than one Observation Period)*

- (xiv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [ ].

*(N.B. Only applicable in relation to Currency Linked Notes relating to a Basket)*

- (xv) Other Adjustment Events and relevant consequences: [ ]

- (xvi) Trigger Event Provisions: [Applicable/Not Applicable]

*(If not applicable, delete remaining sub-paragraphs of this paragraph)*

- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:

[Trigger Event (Closing Observation)]

[Trigger Event (Intraday Observation)]

*[specify other and consequences]*

- (B) Trigger Event Observation Date: [ ]

*(N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Notes are not appropriate)*

- (C) Trigger Event Observation Price: [ ]

- (D) Trigger Event Valuation Time: [ ]

- (E) Trigger Percentage: [     per cent.]]
- (F) Trigger Event Strike Price: [     ]
- (G) Trigger Event Observation Date consequences of an FX Disrupted Day: [Omission][Postponement]
- (H) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (I) Additional Trigger Event Observation Date Disrupted Day provisions: [     ]  
*(N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)*
- (xvii) Other terms or special conditions: [     ]
30. Commodity Linked Redemption Notes: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
 [The provisions of Annex 4 of the Terms and Conditions – *Additional Terms and Conditions for Commodity Linked Notes* shall apply.]
- (i) Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices: [     ][which is deemed to be Bullion][*in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centres: [     ]*]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [     ]
- (iii) Final Redemption Amount: [     ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive)*

*Regulation will apply.)*

- (iv) Commodity Reference Price: [      ]
- (v) Price Source: [      ]
- (vi) Exchange: [      ]
- (vii) Delivery Date: [      ]
- (viii) Pricing Date: [      ]
- (ix) Common Pricing: [Applicable] [Not Applicable] (N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)
- (x) Additional Market Disruption Events: [*specify any additional Market Disruption Events*]
- (xi) Additional provisions for Commodity Trading Disruption: [Not Applicable]  
[*If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price*]
- (xii) Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[      ]  
[Commodity Index Cut-Off Date: [      ]]
- (xiii) Relevant Number: [Five/●] (for purposes of Delayed Publication or Announcement, Postponement and Disruption Fallback)
- (xiv) Commodity Business Day: [Commodity Linked Condition 2 applies/*insert other*]
- (xv) Trade Date: [      ]
- (xvi) Weighting: The weighting to be applied to each item comprising the Basket is [      ]  
  
(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)
- (xvii) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]  
[closing price]  
[opening price]  
[bid price]  
[asked price]  
[average of the bid price and the asked price]  
[settlement price]  
[official settlement price]

[official price]  
[morning fixing]  
[afternoon fixing]  
[spot price]  
[other]

(xviii) Other Adjustment Events and relevant consequences:

[ ]

(xix) Knock-in, Knock-out Provisions:

[Applicable – the provisions of Commodity Linked Condition 6 apply to the Notes/Not Applicable]

*(If not applicable, delete remaining sub-paragraphs of this paragraph)*

(A) Knock-in Determination Day:

[ ]

(B) Knock-in Event and consequences of a Knock-in Event:

[ ] *(Complete by reference to Commodity Reference Price)*

(C) Knock-in Level:

[ ]

(D) Knock-in Period Beginning Date:

[ ]

(E) Knock-in Period Ending Date:

[ ]

(F) Knock-out Determination Day:

[ ]

(G) Knock-out Event and consequences of a Knock-out Event:

[ ] *(Complete by reference to Commodity Reference Price)*

(H) Knock-out Level:

[ ]

(I) Knock-out Period Beginning Date:

[ ]

(J) Knock-out Period Ending

[ ]

- Date:
- (K) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (L) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: [ ] *(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)*
- (xx) Trigger Event Provisions: [Applicable/Not Applicable] *(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the Notes:  
[Trigger Event (Closing Observation)]  
*[specify other and consequences]*
- (B) Trigger Event Observation Date: [ ] *(N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Notes are not appropriate)*
- (C) Trigger Event Observation Period: [ ]
- (D) Trigger Percentage: [ per cent.]
- (E) Trigger Event Strike Level: [ ]
- (F) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][Market Disruption Applicable] [Materiality]

- (G) Additional Trigger Event Observation Date Market Disruption Event provisions: [ ]  
(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)
- (xxi) Mandatory Early Termination: [Applicable - the provisions of Commodity Linked Condition 8 apply to the Notes/Not Applicable]  
(If Not Applicable, delete the following sub-paragraphs)
- (A) Mandatory Early Termination Amount: [ ]  
(N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate)
- (B) Mandatory Early Termination Calculation Amount: [The Calculation Amount][specify other]
- (C) Mandatory Early Termination Date: [ ]
- (D) Mandatory Early Termination Event: [ ]
- (E) Mandatory Early Termination Level: [ ]
- (F) Mandatory Early Termination Rate: [ ]
- (G) Mandatory Early Termination Valuation Date: [ ]  
(N.B. Specify if consequences of a Market Event Disruption are other than as provided in the Commodity Linked Conditions)
- (xxii) Other terms or special conditions: [ ]

31. Fund Linked Redemption Notes: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]

(i) Fund/Basket of Funds: [ ]

[[The [ ] Fund is an ETF]

[Exchange for each Fund Share: [ ]]

[Related Exchange for each Fund Share: [ ] /All Exchanges]]

[Underlying Index: [ ]]

[Applicable Index Composition Percentage: [ ] %]] (NB normally 20%)

*(N.B. Include for ETFs)*

(ii) Fund Interest(s): [ ]

(iii) Calculation Agent responsible for making calculation in respect of the Notes: [ ]

(iv) Final Redemption Amount: [ ] per Calculation Amount

*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

(v) Trade Date: [ ]

(vi) Valuation Date(s): [ ]

(vii) Valuation Time: [ ]

(viii) Other Fund Events: [insert any additional Fund Events]

(ix) NAV Trigger Event Percentage: [ ]

(x) Fund Volatility Event: [specify if required]

- (xi) AUM Limit: [specify if required]
- (xii) Other Adjustment Events and relevant consequences: [ ]
- (xiii) Other terms or special conditions: [ ]
32. Inflation Index Linked Redemption Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 6 of the Terms and Conditions – *Additional Terms and Conditions for Inflation Index Linked Notes* shall apply.]
- (i) Inflation Index/Inflation Indices: [ ]
- (Give or annex details of index/indices)*
- (ii) Inflation Index Sponsor(s): [ ]
- (iii) Calculation Agent responsible for making calculation in respect of the Notes: [ ]
- (iv) Final Redemption Amount: [ ] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (v) Trade Date: [ ]
- (vi) Valuation Date(s): [ ]
- (vii) Reference Source(s): [ ]
- (viii) Formula: [ ]
- (ix) Related Bond: [Applicable] / [Not Applicable]
- The Related Bond is: [ ] [Fallback Bond]
- The issuer of the Related Bond is: [ ]
- (x) Fallback Bond: [Applicable] / [Not Applicable]

(xi) Reference Month: [ ]

(xii) Determination Date(s): [ ]

(xiii) Cut-Off Date: [ ]

(xiv) End Date: [ ]

*(This is necessary whenever Fallback Bond is Applicable)*

(xv) Additional Disruption [As per Inflation Index Linked Conditions] / [Specify other]  
Events:

(xvi) Other Adjustment [ ]  
Events and relevant  
consequences:

(xvii) Other terms or special [ ]  
conditions:

33. Physical Delivery Notes: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*[Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery] (If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)*

*[The provisions of Annex 7 of the Terms and Conditions - Additional Terms and Conditions for Physical Delivery Notes shall apply.]*

(i) Relevant Asset(s): [ ]

(ii) Entitlement: [ ]

(iii) Cut-Off Date: [ ]

(iv) Guaranteed Cash  
Settlement Amount: [ ]

(v) Failure to Deliver due to  
Illiquidity: [Applicable/Not Applicable]

(vi) Delivery provisions for  
Entitlement if different  
from Physical Delivery  
Notes Conditions: [ ]

(vii) Settlement Business  
Day: [ ]

(viii) Issuer's option to vary Settlement: [Applicable/Not Applicable] *(N.B. Option will apply unless specified as Not Applicable. If Applicable, complete relevant Cash Settlement provisions)*

(ix) Other terms or special Conditions: [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

34. Form of Notes: Each Tranche of Notes will be in bearer form.

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]

[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date.]

[Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer].]

[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 Belgium Law of 14 December 2005] *[Include if Notes are to be offered in Belgium.]*

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in item 6 includes language substantially to the following effect:*

*"[€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]."* Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)"

35. (i) New Global Note: [Yes][No]

(ii) Reference Item Linked Note: [Yes][No]

36. Payment Day: [Following/Modified Following]

37. Additional Financial Centre(s) or other special provisions [Not Applicable/give details]

relating to Payment Dates:

*(Note that this item relates to the place of payment and not Interest Period end dates to which items 14(iii), 16(vi), 17(vi), 18(xi), 19(vi) and 20(vii) relate)*

38. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No][If yes, give details]
39. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]  
*(NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues)*
40. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
41. Redenomination applicable: Redenomination [not] applicable  
*[(If Redenomination is applicable, specify the terms of Redenomination in the Final Terms)]*
42. Other final terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such amendments would be acceptable as Final Terms or whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note or "unitary" Prospectus.) [(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)]*

## DISTRIBUTION

43. Method of distribution: [Syndicated/Non-syndicated]
44. (i) If syndicated, [names and addresses]\* of Managers [and underwriting commitments]\* : [Not Applicable/give names, [and addresses and underwriting commitments]\*]  
*(Including 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)\**

- (ii) Date of Subscription Agreement\*: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
45. If non-syndicated, name [and address]\* of relevant Dealer: [Not Applicable/give Name [and address]\*]
46. U.S. Selling Restrictions: The Notes, any guarantee thereof and any Entitlement have not been and will not be registered under the United States Securities Act of 1933, as amended (**Securities Act**) or under any state securities laws and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any US Person (as defined in Regulation S under the Securities Act). Furthermore, trading in the Notes has not been approved by the United States Commodity Futures Trading Commission (**CFTC**) under the United States Commodity Exchange Act, as amended (**CEA**).  
[TEFRA D/TEFRA not applicable]
47. Non exempt Offer:\*\* [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names [and addresses] of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"] (**Offer Period**). See further Part B below.
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*
48. Additional selling restrictions: [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to the Official List and trading on the regulated market of the Luxembourg Stock Exchange] of the Notes described herein pursuant to the Structured Note Programme of [UniCredit S.p.A./UniCredit Bank Ireland p.l.c./UniCredit International Bank (Luxembourg) S.A.] [guaranteed by UniCredit S.p.A.].

## RESPONSIBILITY

[[Subject as provided below,] [each of] the Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms.] [The information relating to ● [and ●] contained herein has been accurately extracted from [*insert information source(s)*]. The Issuer [and the Guarantor] accept[s] responsibility for the accuracy of such extraction but accept no further or other responsibility in respect of such information.]

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

By:.....  
*Duly authorised*

By:.....  
*Duly authorised*

[Signed on behalf of the Guarantor:

By:.....  
*Duly authorised*

By:.....  
*Duly authorised]*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application [has been]/[will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on, [the regulated market of], and listed on the Official List of, the Luxembourg Stock Exchange [with effect from [ ]].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on, [the regulated market of,] and listed on the Official List of, the Luxembourg Stock Exchange with effect from [ ]].] [Not Applicable.]

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

- (ii) Estimate of total expenses related to admission to trading: [ ]\*\*

### 2. RATINGS

Ratings: [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)]*

*[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.)*

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

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).Insert the legal name of*

*the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

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

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

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European

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

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

[Save for any fees payable to the [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 – *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 or the use of a Securities Note or "unitary" prospectus.)]*

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>\*\*\*</sup>

(i) [Reasons for offer [ ]]

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

(ii) Estimated net proceeds: [ ]

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

(iii) Estimated expenses: total [ ] *(Expenses are required to be broken down into each principal intended to "use" and presented in order of priority of such "uses")*

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

*total expenses at (ii) and (iii) above are also required.)*

**5. YIELD (Fixed Rate Notes Only)\*\***

Indication of yield: [       ]

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

**6. PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]] (INDEX LINKED NOTES ONLY)**

*[Need to include details of where past and future performance and volatility of [the/each] index can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

*[Need to include the name of [the/each] index, the name of [the/each] index sponsor and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]\**

**7. PERFORMANCE OF [THE SHARE/BASKET OF SHARES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES]] (EQUITY LINKED NOTES ONLY)**

*[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

**8. PERFORMANCE OF [RATE[S] OF EXCHANGE/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE[S] OF EXCHANGE/FORMULA/CURRENCIES]] (CURRENCY LINKED NOTES ONLY)**

*[Need to include details of [the/each] currency, the relevant weighting of each currency, where past and future performance and volatility of the [relevant rates/currencies] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

**9. PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES]] (COMMODITY LINKED NOTES ONLY)**

*[Need to include details of [the/each] [commodity/commodity index], where pricing information about [the/each] [commodity/commodity index] is available, the relevant weighting of each [commodity/commodity index] within a basket of [commodities/commodity indices] and where past and future performance and volatility of [the commodity/basket of commodities/commodity index/basket of commodity indices] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

**10. PERFORMANCE OF [THE FUND/BASKET OF FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FUND/BASKET OF FUNDS]] (FUND LINKED NOTES ONLY)**

*[Need to include details of [the/each] fund, the relevant weighting of each fund within a basket of funds and where past and future performance and volatility of [the/each] [fund/basket of funds] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

**11. PERFORMANCE OF [INFLATION INDEX/BASKET OF INFLATION INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [INFLATION INDEX/BASKET OF INFLATION INDICES]] (INFLATION INDEX LINKED NOTES ONLY)**

*[Need to include details of where past and future performance and volatility of [the/each] inflation index can be obtained, the relevant weighting of each inflation index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]\**

*[Need to include the name of [the/each] inflation index, the name of [the/each] inflation index sponsor and a description if composed by the Issuer and if the inflation index is not composed by the Issuer need to include details of where the information about [the/each] inflation index can be obtained.]\**

**12. OPERATIONAL INFORMATION**

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) CFI Code/other codes: [ ][**TBC**]
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment

- (vi) Names and addresses of initial Paying Agents and Calculation Agent:
- (vii) Names and addresses of additional Paying Agent(s) (if any): [       ]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility. [Yes][No]  

[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 satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case the Notes must be issued in NGN form]*

### 13. TERMS AND CONDITIONS OF THE OFFER (***PUBLIC OFFER ONLY***)\*\* \*

- (i) Offer Price: [Issue Price/Not Applicable/specify]
- (ii) Conditions to which the offer is subject: [Not Applicable/give details]
- (iii) Time period, including possible amendments, during which the offer will be open and description of the application process: [Not applicable/give details]
- (iv) Details of the minimum and/or maximum amount of application: [Not applicable/give details]
- (v) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]
- (vi) Details of the method and time limits for paying up and delivering the Notes: [Not applicable/give details]
- (vii) Manner in and date on which results of the offer are to be made public: [Not applicable/give details]

- (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/*give details*]
- (ix) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not applicable/*give details*]
- (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/*give details*]
- (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/*give details*]
- (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/*give details*]

\* Delete if the Notes are not derivative securities

\*\* Delete if the Notes are derivative securities

\*\*\* Delete if minimum denomination is €100,000 (or its equivalent in the relevant currency as at the date of issue).

## TERMS AND CONDITIONS OF THE NOTES

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

*The Additional Terms and Conditions contained in Annex 1 in the case of Index Linked Notes, Annex 2 in the case of Equity Linked Notes, Annex 3 in the case of Currency Linked Notes, Annex 4 in the case of Commodity Linked Notes, Annex 5 in the case of Fund Linked Notes, Annex 6 in the case of Inflation Index Linked Notes and Annex 7 in the case of Physical Delivery Notes (each as defined below) will apply to the Notes if specified in the applicable Final Terms.*

### IMPORTANT NOTICE

THE NOTES DESCRIBED HEREIN (NOTES), ANY GUARANTEE THEREOF AND ANY ENTITLEMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (SECURITIES ACT) OR UNDER ANY STATE SECURITIES LAWS AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'US PERSON' AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. FURTHERMORE, TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION (CFTC) UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED (CEA).

The Series of Notes described in the applicable Final Terms (such Notes being hereinafter referred to as the **Notes**) are issued by UniCredit S.p.A. (**UniCredit** or the **Parent**) or UniCredit Bank Ireland p.l.c. (**UniCredit Ireland**) or UniCredit International Bank (Luxembourg) S.A. (**UniCredit International Luxembourg**) (or any other company which has become an issuer under the Programme in accordance with Condition 15) 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 15). The terms of the guarantee applicable to the Notes issued by UniCredit Ireland and UniCredit International Luxembourg and provided by UniCredit (in its capacity as guarantor of Notes issued by UniCredit Ireland and UniCredit International Luxembourg, the **Guarantor**, which expression shall include any company substituted in place of the Guarantor in accordance with Condition 15) are contained in the Deed of Guarantee. This Note is one of a Series (as defined below) of securities (the **Notes**) issued by the Issuer. References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency (in the case of Notes) or each security unit represented by the Global Note (in the case of Certificates);
- (ii) any Global Note; and

(iii) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an agency agreement dated 26 June 2012 (such 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 and Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**), KBL European Private Bankers S.A. as paying agent (together with the Principal Paying Agent, the **Paying Agents** which expression shall include any additional or successor paying agents) and the other agents named therein. A calculation agent (the **Calculation Agent**) may be appointed in respect of each Series of Notes.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

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

Any reference to **Noteholders** or **Holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 26 June 2012 and made by the Issuers. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Guarantee (the **Deed of Guarantee**) dated 26 June 2012 and made by the Guarantor.

Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents and the Luxembourg Listing Agent as long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange. Copies of the applicable Final Terms are available for viewing during normal business hours at the specified office of each of the Agents save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the

applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The base prospectus prepared by the Issuer in respect of the Notes (the **Base Prospectus**) and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, (in the case of Notes) in the Specified Currency and the Specified Denomination(s) or (in the case of Certificates) in security units. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Unless otherwise specified in the applicable Final Terms, the Notes will be issued in Classic Global Note (**CGN**) form.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Currency Linked Interest Note, a Commodity Linked Interest Note, a Fund Linked Interest Note, an Inflation Index Linked Interest Note (each such term as defined in the applicable Final Terms) or a combination of any of the foregoing depending on the Interest Basis specified in the applicable Final Terms.

This Note may be an Instalment Note, a Partly Paid Note, an Index Linked Redemption Note (together with Index Linked Interest Notes, **Index Linked Notes**), an Equity Linked Redemption Note (together with Equity Linked Interest Notes, **Equity Linked Notes**, which expression shall include GDR/ADR Linked Notes), a Currency Linked Redemption Note (together with Currency Linked Interest Notes, **Currency Linked Notes**), a Commodity Linked Redemption Note (together with Commodity Linked Interest Notes, **Commodity Linked Notes**), a Fund Linked Redemption Note (together with Fund Linked Interest Notes, **Fund Linked Notes**), an Inflation Index Linked Redemption Note (together with Inflation Index Linked Interest Notes, **Inflation Index Linked Notes**) or a combination of any of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Final Terms. Any of an Index Linked Note, an Equity linked Note, a Currency Linked Note, a Commodity Linked Note, a Fund Linked Note and an Inflation Index Linked Note will be a Reference Item Linked Note if so specified 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 these Terms and Conditions are not applicable.

If the applicable Final Terms specify that the Note is a Physical Delivery Note, being a Note to be redeemed by delivery of the Entitlement, Annex 7 to the Terms and Conditions - *Additional Terms and Conditions for Physical Delivery Notes* shall apply.

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

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

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

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

## **2. Guaranteed Notes**

This Condition 2 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 and these Conditions. The obligations of the Guarantor in this respect (the **Guarantee**) are contained in the Deed of Guarantee.

## **3. Status Of The Notes And The Guarantee**

The Notes and any relative Receipts and Coupons and (in the case of Guaranteed Notes) the obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and the Guarantor respectively, ranking equally (subject to any obligations preferred by any applicable law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer and the Guarantor respectively, present and future and, in the case of the Notes, *pari passu* and ratably 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.

#### **4. Redenomination**

##### **(A) Redenomination**

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg (as applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of €0.01 with a nominal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of €100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Noteholders and any remaining amounts less than €100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 6; and (ii) in the case of Notes which are not Relevant Notes, in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Principal Paying Agent may approve) €0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes,

Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
  - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Paying Agents, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

(B) Definitions

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

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

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

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4(A) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

**Relevant Notes** means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least €100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

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

## 5. Interest

### (A) *Day Count Fraction*

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5:

- (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 (1) the number of days in such Determination Period and (2) 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 (x) the number of days in such Determination Period and (y) 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 (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) 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 (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

- (d) 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;
- (e) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if **30/360 (ICMA)** 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.
- (g) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (h) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (i) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

In these Terms and Conditions:

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

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

(B) *Interest on Fixed Rate Notes*

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

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

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

Except in the case of 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:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note or, if they are Partly Paid Notes, the aggregate amount paid up; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(C) *Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes and Inflation Index Linked Interest Notes*

(a) *Interest Payment Dates*

Each Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Currency Linked Interest Note, Commodity Linked Interest Note, Fund Linked Interest Note and Inflation Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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 the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

- (1) in any case where Specified Periods are specified in accordance with Condition 5(B)(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) 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 (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) 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
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) 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
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and

- (B) either (1) 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 London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) *Rate of Interest*

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

(i) *ISDA Determination for Floating Rate Notes*

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

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

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

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

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

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

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

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

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

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

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

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

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked

Interest Notes and Inflation Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes and Inflation Index 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, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes and Inflation Index Linked Interest Notes, will calculate the amount of interest (the **Interest Amount**) payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes or Inflation Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes or Inflation Index Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Currency Linked Interest Note, Commodity Linked Interest Note, Fund Linked Interest Note or Inflation Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. In such case, the Calculation Agent will notify the Principal Paying Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

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

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Luxembourg Stock Exchange at the latest on the second London Business Day following its determination, the Issuer and any stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes or Inflation Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 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, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes or Inflation Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph (e), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) *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 5(C), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Guarantor (in the case of the Guaranteed Notes), the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor (in the case of the Guaranteed Notes), the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

(D) *Interest on Partly Paid Notes*

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

(E) *Accrual of interest*

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

- (a) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 14.

**6. Payments**

(A) *Method of payment*

Subject as provided below:

- (a) payments in a Specified Currency other than euro or U.S. dollars will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (c) payments in U.S. dollars will be made by transfer to a U.S. dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6, 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), or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States.

*(B) Payments Subject to Fiscal and Other Laws*

Payments will be subject in all cases, but without prejudice to the provisions of Condition 8, 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, official interpretations thereof, or law implementing an intergovernmental approach thereto.

*(C) Presentation of definitive Notes, Receipts and Coupons*

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

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (A) 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 paragraph (A) 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.

Fixed Rate Notes in definitive form (other than Index Linked Redemption Notes, Equity Linked Redemption Notes, Commodity Linked Redemption Notes, Fund Linked Redemption Notes, Inflation Index Linked Redemption Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) 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 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, Index Linked Note, Equity Linked Note, Commodity Linked Note, Fund Linked Note, Inflation Index Linked Note or Long Maturity 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. 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 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 Note.

*(D) Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, as applicable.

*(E) 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 or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of number of units of Notes represented by such Global Note must look

solely to Euroclear or Clearstream, Luxembourg, 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 6, if any amount of principal and/or interest in respect of 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).

*(F)*      **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 or amendment. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (ii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) 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 which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

*(G)*      **Interpretation of principal and interest**

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

- (a) the Final Redemption Amount of the Notes;
- (b) the Early Redemption Amount of the Notes;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) the Failure to Deliver Settlement Price (if any) in respect of the Notes;
- (e) the Disruption Cash Settlement Price (if any) in respect of the Notes;
- (f) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (g) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(D)(c)); and
- (h) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

*(H) Definition of Affiliate*

**Affiliate** means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

**7. Redemption and Purchase**

*(A) Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date or if the Notes are specified as Physical Delivery Notes in the applicable Final Terms, by delivery of the Entitlement (subject as provided in Annex 7 – *Additional Terms and Conditions for Physical Delivery Notes*) specified in or determined in the manner specified in the applicable Final Terms on the Maturity Date.

*(B) Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (b) not less than 4 days before the giving of the notice referred to in (a), notice to the Principal Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount or number of units not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final

Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount at their discretion) 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 14 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 paragraph (B) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(C) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7 accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, the terms of which require presentation for recording changes to its nominal amount, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this paragraph (C) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph (C) and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(D) *Early Redemption Amounts*

The Early Redemption Amount shall be calculated as follows:

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

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

where:

"RP" means the Reference Price; and

"AY" means the Accrual Yield expressed as a decimal; and

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

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

- (d) in the case of Index Linked Notes, Equity Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes or Inflation Index Linked Notes, the Early Redemption Amount in respect of each nominal amount of such Notes equal to the Calculation Amount will be set out in the applicable Final Terms

If **Market Value less Associated Costs** is specified as the Early Redemption Amount in the applicable Final Terms the Early Redemption Amount in respect of each nominal amount of Notes equal to the Calculation Amount shall be an amount determined by the Calculation Agent, which on (i) in the case of redemption other than pursuant to Condition 10, the second Business Day immediately preceding the due date for the early redemption of the Notes or (ii) in the case of redemption pursuant to Condition 10, the due date for the early redemption of such Notes, represents the fair market value of such Notes (taking into account all factors which the Calculation Agent determines relevant) less Associated Costs, and provided that in determining such fair market value, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes.

As used herein:

**Associated Costs** means an amount per nominal amount of the Notes (which may not be less than zero) equal to the Calculation Amount equal to such Notes' pro rata share of the total amount of any and all costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with such early redemption, including, without limitation, any costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding any funding relating to the Notes and/ any hedge positions (including without limitation, any derivative transactions) relating to or entered into in connection with the Notes, all as determined by the Calculation Agent in its sole discretion.

*(E) Instalments*

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

*(F) Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the applicable Final Terms.

*(G) Illegality, Force Majeure Event and General Hedging Disruption Event*

In the event that the Issuer determines in good faith that (1) the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes (**Hedging Arrangements**) has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, (2) a Force Majeure Event exists or occurs and/or (3) a General Hedging Disruption Event exists or occurs, the Issuer having given not less than 10 nor more than 30 days' notice to Noteholders in accordance with Condition 14 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption. For the avoidance of doubt this provision shall not be affected or qualified by any hedging disruption or other adjustment or early redemption provisions in relation to the Notes set out in these Terms and Conditions or any additional terms and conditions applicable to the Notes. Where an event or circumstance may at the same time allow action to be taken under this provision or such other provisions the Calculation Agent or Issuer may determine in its sole discretion which provisions to apply.

For these purposes:

**Force Majeure Event** means an event or circumstance which prevents or materially affects the performance of the Issuer's obligations under the Notes which may include, without limitation, a system failure, fire, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstances; and

**General Hedging Disruption Event** means that the Issuer and/or any of its Affiliates or agents or any other party providing Hedging Arrangements directly or indirectly to the Issuer is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to

hedge the risk of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

*(H) Purchases*

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. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

*(I) 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 paragraph (H) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

*(J) 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 paragraphs (A), (B) or (C) above or upon its becoming due and repayable as provided in Condition 10 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 paragraph (D)(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

**8. Taxation**

All payments of principal and interest (including any Arrears of Interest and Default Interest) in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor (in the case of Guaranteed Notes) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons. 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 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 15.

## 9. Prescription

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made 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 below) therefor.

As used herein, 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 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 14.

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 9 or Condition 6(B) or any Talon which would be void pursuant to Condition 6(B).

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 (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.

## 10. Events of Default

The holder of any Note may give notice to the relevant Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (**Events of Default**) shall have occurred and be continuing:

- (a) if default is made in the payment in the Specified Currency of any interest due in respect of the Notes or any of them and the default continues for a period of 14 days; or

- (b) if default is made in the payment in the Specified Currency of any principal or premium (if any) due in respect of the Notes or any of them, or in the delivery when due of the Entitlement in respect of the Notes or any of them (in each case whether at maturity or upon redemption or otherwise), and the default continues for a period of seven days; or
- (c) if the Issuer or, in the case of Guaranteed Notes, the Guarantor fails to perform or observe any obligation or provision binding on it under the Notes or the Deed of Guarantee (other than any obligation for payment of any principal, premium (if any) or interest in respect of the Notes) and such default continues for 30 days after the date on which written notice of such failure, requiring the Issuer or the Guarantor, as the case may be, to remedy the same, first shall have been given to the Issuer or the Guarantor, as the case may be, and the Principal Paying Agent by holders of at least one quarter in principal amount of the Notes then outstanding or
- (d) one or more final judgment(s) or order(s), not being susceptible to appeal, for the payment of any amount of indebtedness (being an amount of indebtedness which is material in the context of the Issuer or (in the case of Guaranteed Notes) the Guarantor) is rendered by a court of competent jurisdiction against the Issuer or (in the case of Guaranteed Notes) the Guarantor and continue(s) unsatisfied and unsteady for a period of 30 days after the date(s) thereof or, if later, the date therein specified for judgment; or
- (e) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be adjudicated or found bankrupt or insolvent or shall stop or threaten to stop payment or shall be found unable to pay its debts, or any order shall be made by any competent court or administrative agency for, or any resolution shall be passed by the Issuer or (in the case of Guaranteed Notes) the Guarantor for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or, as the case may be, the Guarantor or all or substantially all of its assets and, in the case of UniCredit International Luxembourg, suspension of payments (*sursis de paiement*) measures, winding-up and liquidation (*liquidation*) proceedings; or
- (f) (in the case of Notes issued by UniCredit) the Issuer or (in the case of Guaranteed Notes) the Guarantor becomes subject to an order for *Liquidazione coatta amministrativa* (within the meaning ascribed to that expression by the Italian Banking Act and the other laws of the Republic of Italy); or
- (g) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be wound up, liquidated or dissolved (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by an Extraordinary Resolution of the Noteholders); or
- (h) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall cease to carry on business or threaten to cease to carry on all or substantially all of its business (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by an Extraordinary Resolution of the Noteholders); or
- (i) if (i) proceedings are initiated against the Issuer or (in the case of Guaranteed Notes) the Guarantor under any applicable liquidation, insolvency, composition, examination, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other

similar official (in Luxembourg, including but not limited to, any *administrateur, juge-commissaire, liquidateur* or similar officer), or an administrative or other receiver, manager, administrator, examiner or other similar official (in Luxembourg, including but not limited to, any *administrateur, juge-commissaire, liquidateur* or similar officer) is appointed, in relation to the Issuer or (in the case of Guaranteed Notes) the Guarantor or, as the case may be, in relation to all or substantially all of the undertaking or assets of any of them, or an encumbrancer takes possession of all or substantially all of the undertakings or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertakings or assets of either of them and, in the case of UniCredit International Luxembourg, suspension of payments (*sursis de paiement*) measures, winding-up and liquidation (*liquidation*) proceedings, and (ii) in any case is not discharged within 30 days; or

- (j) if either (i) any indebtedness for Borrowed Money in excess of €35,000,000 (or its equivalent in any other currency or currencies) of the Issuer or (in the case of Guaranteed Notes) the Guarantor shall become repayable prior to the due date for payment thereof by reason of default by the Issuer or, as the case may be, the Guarantor or shall not be repaid at maturity as extended by any applicable grace period therefor and, in either case, steps shall have been taken to obtain repayment, or (ii) any guarantee given by the Issuer or (in the case of Guaranteed Notes) the Guarantor of any indebtedness for Borrowed Money in excess of €35,000,000 (or its equivalent in any other currency or currencies) shall not be honoured when due and called; or
- (k) (in the case of Guaranteed Notes) the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (l) any event occurs which, under the laws of the jurisdiction of incorporation of the Issuer or (in the case of Guaranteed Notes) the Guarantor, has an analogous effect to any of the events referred to in paragraphs (e), (g), (h) and (i) above

For the purposes of this Condition 10:

**Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

## 11. 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 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.

## 12. Paying Agents and Calculation Agent

### (A) Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying 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;
- (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, which may be the Principal Paying Agent, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange, the competent authority or other relevant authority;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing, or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(E). Notice of any variation, termination, appointment or change will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantor (in the case of the Guaranteed Notes) and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

*(B) Calculation Agent*

In relation to each issue of Notes, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Noteholders, Receiptholders or Couponholders. All calculations and determinations made in respect of the Notes by the Calculation Agent shall be in its sole and absolute discretion, in good faith, and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor (in the case of the Guaranteed Notes), the Paying Agents and the Noteholders, Receiptholders or Couponholders. The Calculation Agent shall promptly notify the Issuer, the Guarantor (in the case of the Guaranteed Notes) and the Principal Paying Agent upon any such calculations and determinations, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

**13. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the

specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

#### **14. Notices**

All notices regarding the Notes will be deemed to be validly given if published (if and for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange) either in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* or the *Tageblatt*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for publication as provided above the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and (if and for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official 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 Notes are listed on any other stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published as may be required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **15. Meetings of Noteholders, Modification, Waiver and Substitution**

##### *(A) Meetings of Noteholders, Modification and Waiver*

The Agency Agreement 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 or these Conditions (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 Entitlement 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 or number of units 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 or number of units 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 Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of the Notes, the Receipts, the Coupons, these Conditions, the Agency Agreement or to any waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes, the Receipts, the Coupons or the Agency Agreement or determine that any Event of Default or potential Event of Default shall not be treated as such which is not, in the sole opinion of the relevant Issuer, prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons, these Conditions, the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

*(B) Substitution of Issuer or Branch*

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company (the **Substitute**) as principal debtor in respect of all obligations arising from or in connection with the Notes provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Notes and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) each stock exchange or listing authority on which the Notes are listed shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Noteholders in accordance with Condition 14, including by providing notice of the substitution to the CSSF and the Luxembourg Stock Exchange in a form acceptable to them to be published subsequently in accordance with Condition 14.

The Issuer shall have the right upon giving notice to the Noteholders in accordance with Condition 14 to change the branch through which it is acting for the purposes of the Notes, the date of such change to be specified in such notice provided that no change may take place prior to the date of the giving of such notice. The Issuer shall provide notice of any such

change of branch to the CSSF and the Luxembourg Stock Exchange in a form acceptable to them (to be published subsequently in accordance with Condition 14).

The provisions of articles 86 to 94-8 of the Companies Act 1915 relating to meetings of Noteholders will not apply in respect of the Notes issued by UniCredit International Luxembourg.

## **16. 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 securities 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 so that the same shall be consolidated and form a single Series with the outstanding Notes.

If the Issuer issues further Notes of the same Series during the initial 40-day restricted period applicable to the outstanding Notes of such Series, then such 40-day period will be extended until 40 days after the later of the commencement of the offering of such further issue of Notes and the Issue Date of such further issue of Notes. In addition, if the Issuer issues further Notes of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of Notes without applying to the outstanding Notes. After the expiration of the new 40-day restricted period, all such Notes will be consolidated with and form a single Series with the outstanding Notes.

## **17. 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.

## **18. Governing Law and Submission to Jurisdiction**

### *(A) Governing law*

The Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Receipts and the Coupons shall be governed by, and construed in accordance with, English law.

### *(B) Submission to jurisdiction*

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 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.

*(C) Appointment of Process Agent*

Each of the Issuers and (in the case of the Guaranteed Notes) the Guarantor agrees that any documents required to be served on it in relation to any Proceedings (including any documents which start any Proceedings) may be served on it by being delivered to UniCredit Bank AG, London Branch at Moor House, 120 London Wall, London, EC2Y 5ET or, if different, its principal office for the time being in London. In the event of UniCredit Bank AG, London Branch ceasing to act or ceasing to be registered in England, each of the Issuers and (in the case of Guaranteed Notes) the Guarantor will appoint another person 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.

*(D) 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.

**19. Severability**

Should any of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

## ANNEX 1

### ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Index Linked Notes shall comprise the terms and conditions of the Notes (the **Conditions**) and the Additional Terms and Conditions for Index Linked Notes set out below (the **Index Linked Conditions**), subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and/or the Index Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

For the purposes of these Index Linked Conditions:

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Index Linked Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in

accordance with sub-paragraph a(ii) of the definition of "Valuation Date" below; and

- (ii) where the Index Linked Notes relate to a Basket of Indices, if any Index is affected by the occurrence of a Disrupted Day the Averaging Date for each Index shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to each Index, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date of each Index which, where such day is a Disrupted Day for an Index, will be in accordance with sub-paragraph b(ii) of the definition of "Valuation Date" below,

for the purposes of these Index Linked Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

**Component Security** means, in respect of a Multi-Exchange Index, each component security in such Index.

**Disrupted Day** means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index or Proprietary Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred or (c) for any Proprietary Index, any Scheduled Trading Day on which a Market Disruption Event has occurred (provided that the Calculation Agent may, in its discretion, determine that such event will instead constitute an Index Adjustment Event).

**Early Closure** means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise at least the Index Composition Percentage of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled

Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day, or (b) the submission deadline for orders to be entered into on the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day.

**Exchange means:**

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index or Proprietary Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

**Exchange Business Day** means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption means:**

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise at least the Index Composition Percentage of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

**Index** and **Indices** mean, subject to adjustment in accordance with the Index Linked Conditions, the basket of indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Index Business Day** means, in respect of a Proprietary Index, each day in respect of which the relevant Index Sponsor is scheduled to calculate and publish the relevant level or value of the Proprietary Index.

**Index Closing Level** means, in respect of an Index and subject to these Index Linked Conditions and to "Valuation Date", "Observation Date", "Knock-in Determination Day", "Knock-out Determination Day", "Trigger Event Observation Date" and "Mandatory Early Termination Valuation Date" below and "Averaging Date" above, as the case may be, an amount equal to the official closing level (which shall be deemed to be an amount in the Index Currency) of such Index as determined by the Calculation Agent on (i) if Averaging is not specified in the applicable Final Terms, the Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Observation Date or a Mandatory Early Termination Valuation Date, as the case may be, or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate.

**Index Level** means, in respect of an Index and a time on a Scheduled Trading Day and subject to these Index Linked Conditions, the level of such Index at such time on such day as determined by the Calculation Agent.

**Index Performance** means, in relation to an Averaging Date, a Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Determination Date or a Mandatory Early Termination Valuation Date or any other event date described in the applicable Final Terms, as the case may be, an amount (howsoever) expressed determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

**Index Sponsor** means, in relation to an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms and in either case all references to Index Sponsor shall include any Successor Index Sponsor (as defined below).

**Observation Cut-Off Date** means, in respect of each Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Observation Date** means each Observation Date specified in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each

of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 4 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security or other reference basis comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security or other reference basis as of the Valuation Time on the Observation Cut-Off Date); or

- (b) where the Index Linked Notes relate to a Basket of Indices, that Observation Date for each Index shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to any Index, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for each Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation each Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security or other reference basis comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other reference basis on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security or other reference basis as of the Valuation Time on the Observation Cut-Off Date).

**Observation Period** means the period or periods specified as such in the applicable Final Terms.

**Proprietary Index** means an index described as such in the applicable Final Terms and which may, without limitation, be sponsored and/or calculated by the Issuer or any of its Affiliates.

**Related Exchange** means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined

by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Observation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

**Scheduled Trading Day** means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index or Proprietary Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index or Proprietary Index, any day on which (i) the Index Sponsor is scheduled to publish the level of that Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Trading Disruption** means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) on any relevant Exchange(s) relating to securities that comprise at least the Index Composition Percentage of the level of the relevant Index, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

**Valuation Cut-Off Date** means the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the definition of Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Valuation Date** means each Valuation Date specified in the applicable Final Terms or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of

the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security or other reference basis comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other reference basis on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security or other reference basis as of the Valuation Time on the Valuation Cut-Off Date); or

- (b) where the Index Linked Notes relate to a Basket of Indices, the Valuation Date for each Index shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to any Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for each Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to each Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security or other reference basis comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other reference basis on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security or other reference basis as of the Valuation Time on the Valuation Cut-Off Date).

**Valuation Time** means:

- (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index or Proprietary Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time;
- (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or if no Valuation Time is specified (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant

Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor;

- (c) where the relevant Index is specified in the applicable Final Terms to be a Proprietary Index, the time at which the Index Sponsor calculates and publishes the official closing level of Proprietary Index;
- (d) where the Index Level is to be determined during any period on any Scheduled Trading Day, each relevant time at which the Index Level is so determined.

### 3. Market Disruption

**Market Disruption Event** means:

- (a) in respect of an Index other than a Multi-Exchange Index or Proprietary Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, or (iii) an Early Closure; or
- (b) in respect of an Index which is a Multi-Exchange Index either:
  - (i) (A) the occurrence or existence, in respect of any Component Security, of:
    - I. a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded;
    - II. an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded; or
    - III. an Early Closure; and
  - (B) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises at least the Index Composition Percentage of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (A) a Trading Disruption, (B) an Exchange Disruption which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or

the Mandatory Early Termination Valuation Time, as the case may be, in respect of any Related Exchange or (C) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at any time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is not a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where that Index is a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data"; or

- (c) In respect of any Proprietary Index, the failure by the Index Sponsor to calculate and publish the relevant level or value of the Index on any Scheduled Trading Day or in respect of such Scheduled Trading Day within the scheduled timeframe for publication.

#### **4. Adjustments and Corrections to an Index**

- (a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the **Successor Index Sponsor**) acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

- (b) Modification and Cessation of Calculation of an Index

If in the determination of the Calculation Agent (i) on or prior to any date on which any Index valuation or obligation is scheduled to occur the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts or other reference bases and other routine events) (an **Index Modification**), (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), (iii) on any date on which any Index valuation or obligation is scheduled to occur the Index Sponsor or, if applicable, the Successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption**) or (iv) any disruption, adjustment and/or market disruption event or analogous circumstance exists or occurs in relation to any constituent or component of a Proprietary Index (and, without limitation, this may include any such event or circumstance as described in any relevant adjustment, disruption and/or market disruption provisions included in the Proprietary Index itself and/or in any additional terms and conditions other than the Index Linked Conditions which the Calculation Agent determines the Issuer would have selected in the applicable Final Terms if the Notes had related directly to the relevant Proprietary Index constituent or component) (an **Index Constituent Disruption** and, together with an Index Modification an Index Calculation and an Index Disruption, each an **Index Adjustment Event**), then the Issuer may take the action described in (A) or (B) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Notes and, if so, to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms Conditions and/or the applicable Final Terms to account for the Index Adjustment Event and determine the effective date of that adjustment (such adjustment may include, without limitation, the Calculation Agent calculating the relevant Index level or price using, in lieu of a published level for that Index, the level for that Index as at the relevant time as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities or other reference bases that comprised that Index immediately prior to that Index Adjustment Event); or
- (B) on giving notice to the Holders in accordance with Condition 14, redeem all (but not some only) of the Notes, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Condition 14, giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action. The Issuer shall make available for inspection by Holders copies of any such determinations.

(c) **Corrections to an Index**

If the level of a relevant Index published on any Valuation Date, Observation Date, Averaging Date, or any other date for Index valuation or observation, as the case may be, by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Index Linked Notes (a **Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Index Level**) published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Index Level shall be deemed to be the relevant level for such Index on such Averaging Date, Observation Date, Valuation Date, or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant level or price.

**5. Additional Disruption Events**

- (a) **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) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant security comprised in an Index or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Index Linked 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 and/or any of its Affiliates).

**Hedging Disruption** means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates or agents acting on its behalf 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 (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) 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 or agents shall not be deemed an Increased Cost of Hedging.

- (b) If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Condition 14, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

## **6. Knock-in Event, Knock-out Event**

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Knock-in Determination Day** means the date(s) specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-in Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments below.

**Knock-in Determination Period** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Event** is as specified in the applicable Final Terms.

**Knock-in/Knock-out Disrupted Day Adjustments** means:

- (a) if the Knock-in Valuation Time or the Knock-out Valuation Time is a single time on each relevant day and any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day then, if "Knock-in/Knock-out Determination Day consequences of a Disrupted Day" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; provided that if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a Disrupted Day and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or
  - (ii) **Postponement**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or
- (b) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is other than a single time on each relevant day and if on any Knock-in Determination Day or Knock-out Determination Day as of any Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-in/Knock-out intraday valuation consequences of disruption" is specified in the applicable Final Terms as:

- (i) **Omission**, then such Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, shall be ignored for purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, provided that if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or
- (ii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred at such time provided that if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

**Knock-in Level** means, in respect of an Index, the level or value of the Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-in Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-in Valuation Time** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-in Determination Day".

**Knock-out Determination Day** means the date(s) specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments above.

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Event** is as specified in the applicable Final Terms.

**Knock-out Level** means, in respect of an Index, the level or value of the Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-out Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-out Valuation Time** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Day".

## **7. Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event** means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Index Closing Level of any Index as calculated and announced by the Index Sponsor at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

**Trigger Event Date** means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

**Trigger Event Disrupted Day Adjustments** means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a Disrupted Day then, if "Trigger Event Observation Date consequences of a Disrupted Day" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; provided that if the final Trigger Event Observation Date in any Trigger Event Observation Period is a Disrupted Day and no Trigger Event has occurred in that Trigger Event Observation Period, such final Trigger Event Observation Date in such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
  - (ii) **Postponement**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such Trigger Event Valuation Time shall be ignored for purposes of determining whether a Trigger Event has occurred, provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in

such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

- (ii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Trigger Event may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Trigger Event shall be deemed not to have occurred at such time provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

**Trigger Event (Intraday Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Index Level of any Index is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

**Trigger Event Observation Date** means each Scheduled Trading Day during the Trigger Event Observation Period, subject as provided in Trigger Event Disrupted Day Adjustments above.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Valuation Time** means the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Trigger Event Observation Date".

**Trigger Level** means, in relation to an Index, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Index in the applicable Final Terms.

**Trigger Percentage** means, in relation to an Index and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

## 8. **Mandatory Early Termination**

Unless the Notes have been previously redeemed, if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Notes will be automatically redeemed, in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

As used herein:

**Mandatory Early Termination Amount** means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

**Mandatory Early Termination Calculation Amount** is as specified in the applicable Final Terms.

**Mandatory Early Termination Date** means each date specified as such in the applicable Final Terms.

**Mandatory Early Termination Event** means (each of) the events specified as such in the applicable Final Terms.

**Mandatory Early Termination Level** means the level or value per Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Mandatory Early Termination Rate** means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

**Mandatory Early Termination Valuation Cut-Off Date** means the eighth Scheduled Trading Day immediately following the Scheduled Mandatory Early Termination Valuation Date or if earlier the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Mandatory Early Termination Valuation Date** means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, that Mandatory Early Termination Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date (notwithstanding

the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4 above) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Mandatory Early Termination Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date); or

- (b) where the Index Linked Notes relate to a Basket of Indices, that Mandatory Early Termination Valuation Date for each Index shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to any Index, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date for each Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to each Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date of each security or other reference basis comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other reference basis on the Mandatory Early Termination Valuation Cut-Off Date, its good faith estimate of the value for the relevant security or other reference basis as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date).

**Mandatory Early Termination Valuation Time** means in respect of any Index the time on any Mandatory Early Termination Valuation Date as specified in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Mandatory Early Termination Valuation Date".

**Scheduled Mandatory Early Termination Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Mandatory Early Termination Valuation Date.

## **9. Index Disclaimer**

The Index Linked Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at

which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Index Linked Notes. Neither the Issuer nor the Guarantor shall have liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer nor the Guarantor nor their Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices 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, the Guarantor, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

## ANNEX 2

### ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Equity Linked Notes shall comprise the terms and conditions of the Notes (the **Conditions**) and, subject as set out in Equity Linked Condition 8, the Additional Terms and Conditions for Equity Linked Notes set out below (the **Equity Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and the Equity Linked Conditions and/or (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

For the purposes of these Equity Linked Conditions:

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price; provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level or price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Equity Linked Notes relate to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph a(ii) of the definition of "Valuation Date" below; and

- (ii) where the Equity Linked Notes relate to a Basket of Shares, the Averaging Date for each Share shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to each Share, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph b(ii) of the definition of "Valuation Date" below,

for the purposes of these Equity Linked Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

**Disrupted Day** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**Early Closure** means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day.

**Exchange** means, in relation to a Share, each exchange, trading or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange, trading or quotation system or any substitute exchange, trading or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange, trading or quotation system as on the original Exchange).

**Exchange Business Day** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange.

**Observation Cut-Off Date** means, in respect of a Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Observation Date** means each date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Equity Linked Notes relate to a Basket of Shares, that Observation Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to any Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for each Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the relevant Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

**Observation Period** means the period or periods specified as such in the applicable Final Terms.

**Related Exchange** means, in relation to a Share, each exchange, trading or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange, trading or quotation system or any substitute exchange, trading or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Observation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

**Scheduled Trading Day** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Shares** and **Share** mean, subject to adjustment in accordance with these Equity Linked Conditions, the shares contained in a basket or a share specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Share Closing Price** means, in respect of a Share and subject to these Equity Linked Conditions and to "Valuation Date", "Knock-in Determination Day", "Knock-out Determination Day", "Trigger Event Observation Date" and "Mandatory Early Termination Valuation Date" below and "Averaging Date" or "Observation Date" above, as the case may be, an amount equal to the official closing price of such Share quoted on the relevant Exchange as determined by the Calculation Agent on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Observation Date or a Mandatory Early Termination Valuation Date, or an Observation Date, as the case may be, or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate.

**Share Company** means, in respect of a Share, the company that has issued such Share.

**Share Performance** means, in relation to an Averaging Date, a Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Determination Date or a Mandatory Early Termination Valuation Date, as the case may be, an amount expressed as a percentage determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

**Share Price** means, in respect of a Share and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions, the price of such Share at such time on such day as determined by the Calculation Agent.

**Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

**Valuation Cut-Off Date** means, in respect of a Scheduled Valuation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Valuation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the definition of Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Valuation Date** means each Valuation Date specified in the applicable Final Terms or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii)

the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date; or

- (b) where the Equity Linked Notes relate to a Basket of Shares, the Valuation Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to any Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for each Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the relevant Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

**Valuation Time** means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time or, where the Share Price is to be determined during any period, each relevant time at which the Share Price is so determined.

### 3. **Market Disruption**

**Market Disruption Event** means, in relation to a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, any time during the one hour period that ends at the Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, for such Share or (iii) an Early Closure.

### 4. **Correction to Share Prices**

If the price of a Share published on any Valuation Date, Observation Date, Averaging Date or any other date for Share valuation or observation, as the case may be, by the relevant Exchange and which is utilised for any calculation or determination made for the purposes of the Notes (a **Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Share Price**) published by the relevant Exchange no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Share Price shall be deemed to be the relevant price for such Share on such Averaging Date, Observation Date, Valuation Date or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Share Price in determining the relevant price.

### 5. **Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency**

- (a) **Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by a Share Company in respect of relevant Shares that are not fully paid;
- (v) a repurchase by the Share Company or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of a Share Company an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will make the corresponding adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends stock loan rate or liquidity relative to the relevant Share) and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 14 stating the adjustment to the terms of the Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

- (b) **De-listing** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

**Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event** means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (I) in the case of Cash Settled Notes, the last occurring Valuation Date, Observation Date, or where Averaging is specified in the applicable Final Terms, the final Averaging Date or any other relevant date for Share valuation or observation, as the case may be, in respect of the relevant Note or (II) in the case of Physical Delivery Notes, the Maturity Date.

**Nationalisation** means that all the Shares or all or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Tender Offer** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**Tender Offer Date** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If (x) a Merger Event, De-listing, Nationalisation or Insolvency occurs in relation to a Share and/or (y) if Tender Offer is specified as applicable in the applicable Final Terms, a Tender Offer occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or (v) below:

- (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 Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange and the relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares; or
- (ii) where the Equity Linked Notes relate to a Basket of Shares on giving notice to the Holders in accordance with Condition 14, redeem or cancel, as the case may be, each Note in part. If a Note is so redeemed or cancelled in part the portion (the **Partial Amount**) of each such Note representing the affected Share(s) shall be redeemed or cancelled, as the case may be, and the Issuer will (x) pay to each Holder in respect of each Note held by him an amount equal to the fair market value of the Partial Amount, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and (y) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms of the Terms and Conditions and/or the applicable Final Terms to account for such redemption or cancellation in part. For the avoidance of doubt the remaining part of each such Note after redemption or cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Holders in accordance with Condition 14; or
- (iii) give notice to the Holders in accordance with Condition 14 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the **Options Exchange**), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options

Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or

- (v) if the applicable Final Terms provide that "Share Substitution" is applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of the Nationalisation, Insolvency or De-listing (as the case may be), the Calculation Agent may adjust the basket of Shares to include a share (the **Substitute Shares**) selected by it in accordance with the criteria for share selection (**Share Substitution Criteria**) set out in the applicable Final Terms in place of the Share(s) (the **Affected Share(s)**) which are affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing and the Substitute Shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

Upon the occurrence of a Merger Event, De-listing, Nationalisation, Insolvency or, if applicable, Tender Offer, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 14, stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

## **6. Non-euro Quoted Shares**

In respect of Equity Linked Notes relating to Shares originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Shares are traded, then the Calculation Agent will adjust any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Notes.

## **7. Additional Disruption Events**

- (a) **Additional Disruption Event** means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or Insolvency Filing, 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) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 sole and absolute discretion that (A) it has become illegal

to hold, acquire or dispose of any relevant Share or (B) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked 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 and/or any of its Affiliates).

**Hedging Disruption** means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Shares** means the number of Shares that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Equity Linked Notes.

**Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates or agents 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 (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) 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 or agents shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates would incur a rate to borrow Shares that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Share, the Initial Stock Loan Rate specified in relation to such Share in the applicable Final Terms.

**Insolvency Filing** means that a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

**Loss of Stock Borrow** means that the Issuer and/or any affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

- (b) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Condition 14 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 14, stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

## **8. GDR/ADR Linked Notes**

If "GDR/ADR Linked Notes" is specified as Applicable in the applicable Final Terms, the terms and conditions applicable to the Notes shall comprise the Conditions and the Equity Linked Conditions, as such Equity Linked Conditions are completed by Equity Linked Conditions 9, 10 and 11 (in each case subject to completion and/or amendment in the applicable Final Terms).

If "GDR/ADR Linked Notes" is specified as Not Applicable in the applicable Final Terms, the provisions of Equity Linked Conditions 9, 10 and 11 shall not be applicable to the Notes.

## **9. Share Event in respect of GDR/ADR Linked Notes**

Upon the occurrence of a Share Event, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or (v) set out in Equity Linked Condition 5(b). The Issuer shall give notice as soon as practicable to Holders in accordance with Condition 14, stating the occurrence of the Share Event, giving details thereof and the action proposed to be taken in relation thereto.

**Share Event** means each of the following events:

- (i) written instructions have been given by the issuer of the Underlying Shares to the depositary of the Underlying Shares to withdraw or surrender the Underlying Shares; and
- (ii) the termination or modification of the deposit agreement in respect of the Underlying Shares.

If an event constitutes both a Share Event and an Additional Disruption Event, the Calculation Agent shall have absolute discretion to determine which of these events such event constitutes.

**Underlying Shares** mean the shares underlying the GDR or the ADR, as the case may be.

#### 10. **Additional Potential Adjustment Event**

The following additional event shall be deemed added to the list of Potential Adjustment Events set out in Equity Linked Condition 5(a):

"a distribution in respect of the Underlying Shares of property other than cash, shares or rights relating to any Underlying Shares to the holder of the Underlying Shares."

#### 11. **General Provisions in respect of GDR/ADR Linked Notes**

The provisions of Equity Linked Conditions 1 to 7 (inclusive) shall apply to GDR/ADR Linked Notes as if references therein to the "Shares" were to the GDRs or ADRs as applicable and/or the Underlying Shares, as applicable, references to the "Share Company" were to the issuer of the Underlying Shares and references to the "Exchange" were to the exchange or quotation system on which the GDRs or ADRs, as the case may be, are listed and the exchange or quotation system on which the Underlying Shares are listed, and with such additional or alternative modifications as the Calculation Agent may consider necessary or otherwise desirable.

#### 12. **Knock-in Event, Knock-out Event**

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Knock-in Determination Day** means the date(s) specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-in Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments below.

**Knock-in Determination Period** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Event** is as specified in the applicable Final Terms.

**Knock-in/Knock-out Disrupted Day Adjustments** means:

- (a) if the Knock-in Valuation Time or the Knock-out Valuation Time is a single time on each relevant day and any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day then, if "Knock-in/Knock-out Determination Day consequences of a Disrupted Day" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; provided that if the Knock-in Period Ending Date or the Knock-out Period

Ending Date is a Disrupted Day and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or

- (ii) **Postponement**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or

- (b) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is other than a single time on each relevant day and if on any Knock-in Determination Day or Knock-out Determination Day as of any Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-in/Knock-out intraday valuation consequences of disruption" is specified in the applicable Final Terms as:

- (i) **Omission**, then such Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, shall be ignored for purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, provided that if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any

subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or

- (ii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Share Price as of such time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Share Price as of such time, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred at such time provided that if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

**Knock-in Level** means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-in Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-in Valuation Time** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-in Determination Day".

**Knock-out Determination Day** means the date(s) specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments above.

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Event** is as specified in the applicable Final Terms.

**Knock-out Level** means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-out Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Knock-out Valuation Time** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Day".

### 13. **Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event** means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Share Closing Price of any Share at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Level for such Share, as determined by the Calculation Agent.

**Trigger Event Date** means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

**Trigger Event Disrupted Day Adjustments** means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a Disrupted Day then, if "Trigger Event Observation Date consequences of a Disrupted Day" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; provided that if the final Trigger Event Observation Date in any

Trigger Event Observation Period is a Disrupted Day and no Trigger Event has occurred in that Trigger Event Observation Period, such final Trigger Event Observation Date in such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

- (ii) **Postponement**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such Trigger Event Valuation Time shall be ignored for purposes of determining whether a Trigger Event has occurred, provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
  - (ii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Share Price as of such time, the Trigger Event may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Share Price as of such time, then the Trigger Event shall be deemed not to have occurred at such time provided that if no Trigger Event has occurred in

the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

**Trigger Event (Intraday Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Share Price of any Share is less than or equal to the relevant Trigger Level for such Share, as determined by the Calculation Agent.

**Trigger Event Observation Date** means each Scheduled Trading Day during the Trigger Event Observation Period, subject as provided in Trigger Event Disrupted Day Adjustments above.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Valuation Time** means the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Trigger Event Observation Date".

**Trigger Level** means, in relation to a Share, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Share in the applicable Final Terms.

**Trigger Percentage** means, in relation to a Share and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

#### **14. Mandatory Early Termination**

Unless the Notes have been previously redeemed, if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Notes will be automatically redeemed, in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

As used herein:

**Mandatory Early Termination Amount** means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

**Mandatory Early Termination Calculation Amount** is as specified in the applicable Final Terms.

**Mandatory Early Termination Date** means each date specified as such in the applicable Final Terms.

**Mandatory Early Termination Event** means (each of) the events specified as such in the applicable Final Terms.

**Mandatory Early Termination Level** means the price per Share specified as such or otherwise determined as provided in the applicable Final Terms.

**Mandatory Early Termination Rate** means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

**Mandatory Early Termination Valuation Cut-Off Date** means the eighth Scheduled Trading Day immediately following the Scheduled Mandatory Early Termination Valuation Date or if earlier the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Mandatory Early Termination Valuation Date** means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, that Mandatory Early Termination Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date; or
- (b) where the Equity Linked Notes relate to a Basket of Shares, that Mandatory Early Termination Valuation Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to any Share, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day relating to any Share. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date for each Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Share, the price of that Share determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the relevant Share as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

**Mandatory Early Termination Valuation Time** means in respect of any Share the time on any Mandatory Early Termination Valuation Date as specified in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Mandatory Early Termination Valuation Date".

**Scheduled Mandatory Early Termination Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Mandatory Early Termination Valuation Date.

## ANNEX 3

### ADDITIONAL TERMS AND CONDITIONS FOR CURRENCY LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Notes shall comprise the terms and conditions of the Notes (the **Conditions**) and the Additional Terms and Conditions for Currency Linked Notes set out below (the **Currency Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Conditions and the Currency Linked Conditions, the Currency Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and/or the Currency Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or if that is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day is an FX Disrupted Day for any Reference Exchange Rate. If such day is an FX Disrupted Day for any Reference Exchange Rate:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was an FX Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price of such affected Reference Exchange Rate on that Averaging Date as if such Averaging Date were a Valuation Date that was an FX Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Currency Linked Notes relate to a single Reference Exchange Rate, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth FX Business Day immediately following the original date that, but for the occurrence of another Averaging Date or FX Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (A) that eighth FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that eighth FX Business Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date"

below (for which purpose, that date shall be deemed to be the "Valuation Cut-off Date"); and

- (ii) where the Currency Linked Notes relate to a basket of Reference Exchange Rates, the Averaging Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for each Reference Exchange Rate affected by the occurrence of an FX Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Reference Exchange Rate. If the first succeeding Valid Date in relation to such Reference Exchange Rate has not occurred as of the Valuation Time on the eighth FX Business Day for such Reference Exchange Rate immediately following the original date that, but for the occurrence of another Averaging Date or FX Disrupted Day, would have been the final Averaging Date, then (A) that eighth FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that eighth FX Business Day is already an Averaging Date) in relation to such Reference Exchange Rate, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below (for which purpose, that date shall be deemed to be the "Valuation Cut-off Date"),

for the purposes of these Currency Linked Conditions **Valid Date** means, in relation to a Reference Exchange Rate, an FX Business Day for such Reference Exchange Rate that is not an FX Disrupted Day for such Reference Exchange Rate and on which another Averaging Date for such Reference Exchange Rate does not or is deemed not to occur.

**Currency Performance** means, in relation to an Averaging Date, a Valuation Date, an Observation Date or a Trigger Event Determination Date, as the case may be, an amount (howsoever expressed) determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

**Currency Price** means, in relation to a Valuation Date, an Observation Date or an Averaging Date, as the case may be and unless otherwise specified in the applicable Final Terms:

- (a) in the case of Currency Linked Notes relating to a basket of Reference Exchange Rates either (i) an amount equal to the sum of the values calculated for each Reference Exchange Rate as the relevant Reference Exchange Rate appearing on the relevant FX Price Source at the relevant Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date, multiplied by the relevant Weighting; or (ii) in relation to a Reference Exchange Rate, such rate appearing on the relevant FX Price Source at the relevant Valuation Time as the relevant Reference Exchange Rate appearing on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date; and
- (b) in the case of Currency Linked Notes relating to a single Reference Exchange Rate, such the relevant Reference Exchange Rate appearing on the FX Price Source at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date.

**FX Business Day** means, in relation to a Reference Exchange Rate, 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), or but for the occurrence of a FX Market Disruption Event would have settled payments and been open for general business in each of the Specified Financial Centres for that Reference Exchange Rate specified in the applicable Final Terms.

**FX Disrupted Day** means, without prejudice to the provisions of Currency Linked Condition 4 and in relation to a Reference Exchange Rate, any FX Business Day for such Reference Exchange Rate on which a FX Market Disruption Event occurs.

**FX Price Source(s)** means, in respect of a Reference Exchange Rate, the price source(s) specified in the applicable Final Terms for such Reference Exchange Rate or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

**Observation Cut-Off Date** means, in respect of each Scheduled Observation Date, the eighth FX Business Day for all the Reference Exchange Rates immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not an FX Business Day for all the Reference Exchange Rates, the immediately preceding FX Business Day for all the Reference Exchange Rates.

**Observation Date** means each Observation Date specified in the applicable Final Terms or if such date is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day is an FX Disrupted Day for any of the Reference Exchange Rates. If such day is an FX Disrupted Day for any of the Reference Exchange Rates, then:

- (a) where the Currency Linked Notes relate to a single Reference Exchange Rate, the Observation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless each of the FX Business Days up to and including the Observation Cut-Off Date is an FX Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Reference Exchange Rate in accordance with its good faith estimate of the relevant Reference Exchange Rate as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Currency Linked Notes relate to a basket of Reference Exchange Rates, the Observation Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Observation Date and the Observation Date for each Reference Exchange Rate affected (each an **Affected Reference Exchange Rate**) by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Reference Exchange Rate unless each of the FX Business Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is an FX Disrupted Day relating to the Affected Reference Exchange Rate. In that case, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date for the Affected Reference Exchange Rate (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the

relevant Reference Exchange Rate using, in relation to the Affected Reference Exchange Rate, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Reference Exchange Rate as of the relevant Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

**Observation Period** means the period or periods specified as such in the applicable Final Terms.

**Reference Currencies** means each Subject Currency and each Base Currency.

**Reference Exchange Rate** means the spot rate of exchange of a Base Currency into the corresponding Subject Currency (which for the purposes of calculations and determinations under the Notes is expressed as the number of units (or part units) of the relevant Subject Currency for which one unit of the relevant Base Currency can be exchanged).

**Scheduled Observation Date** means any original date that, but for the occurrence of an event causing an FX Disrupted Day, would have been an Observation Date.

**Specified Financial Centre(s)** means the financial centre(s) specified in the applicable Final Terms.

**Scheduled Valuation Date** means any original date, that but for the occurrence of an event causing an FX Disrupted Day, would have been an Averaging Date, an Observation Date or a Valuation Date.

**Valuation Cut-off Date** means the date falling eight FX Business Days immediately following the relevant Scheduled Valuation Date specified in the applicable Final Terms or, if earlier, the second FX Business Day for all the Reference Exchange Rates immediately preceding the date of payment or delivery of any amount calculated in respect of such Valuation Date pursuant to the definition of Valuation Date.

**Valuation Date** means each Valuation Date specified in the applicable Final Terms or if that is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day is an FX Disrupted Day for any Reference Exchange Rate. If such day is an FX Disrupted Day for any Reference Exchange Rate, then:

- (a) where the Currency Linked Notes relate to a single Reference Exchange Rate, the Valuation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless each of the FX Business Days up to and including the Valuation Cut-Off Date is an FX Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Reference Exchange Rate in accordance with its good faith estimate of the relevant Reference Exchange Rate as of the Valuation Time on the Valuation Cut-Off Date; or
- (b) where the Currency Linked Notes relate to a basket of Reference Exchange Rates, the Valuation Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Reference Exchange Rate affected (each an **Affected Reference Exchange Rate**) by the occurrence of an FX Disrupted Day shall be the first succeeding FX

Business Day that is not an FX Disrupted Day relating to the Affected Reference Exchange Rate, unless each of the FX Business Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is an FX Disrupted Day relating to the Affected Reference Exchange Rate. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Reference Exchange Rate (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate using, in relation to the Affected Reference Exchange Rate, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Reference Exchange Rate as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

**Valuation Time** means, in relation to a Reference Exchange Rate, the Valuation Time specified for such Reference Exchange Rate in the applicable Final Terms.

### 3. **FX Market Disruption Event**

**FX Market Disruption Event** means, in relation to a Reference Exchange Rate, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if Currency Disruption Event is specified as applicable in the Final Terms, any Currency Disruption Event and/or any other event specified as such in the applicable Final Terms.

For which purpose, unless otherwise specified in the applicable Final Terms:

**Currency Disruption Event** means any of General Inconvertibility, Specific Inconvertibility, General Non-Transferability, Specific Non-Transferability, Nationalisation and Dual Exchange Rate, each such term as defined below:

**General Inconvertibility**, being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, generally makes it impossible or not reasonably practicable to (i) convert the relevant Subject Currency into the relevant Base Currency or (ii) to convert the relevant Reference Currency for the purpose of determining the Currency Price, the Trigger Event Observation Price or any other relevant level or value, as the case may be, in any relevant jurisdiction through customary legal channels;

**Specific Inconvertibility**, being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting or making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, (i) of any relevant amount in the relevant Subject Currency into the relevant Base Currency or (ii) of any relevant Reference Currencies for the purpose of determining the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be, in any relevant jurisdiction, (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of either (i) the relevant Subject Currency into the relevant Base Currency or (ii) any relevant Reference Currencies for the purpose of determining the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be);

**General Non-Transferability**, being in relation to a Reference Exchange Rate, the occurrence of any event that (i) generally makes it impossible or not reasonably practicable to deliver (a) the relevant Base Currency from accounts inside any relevant jurisdiction to

accounts outside such relevant jurisdiction or (b) the relevant Subject Currency between accounts inside the relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction or (ii) results in the unavailability of the Base Currency in accordance with normal commercial practice in the inter-bank foreign exchange markets located in any jurisdiction(s) most closely associated with the relevant Subject Currency;

**Specific Non-Transferability**, being in relation to a Reference Exchange Rate, the occurrence of any event that (i) from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) the relevant Subject Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the relevant Subject Currency between accounts inside any relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of the relevant Subject Currency into the relevant Base Currency) or (ii) results in the unavailability of the Base Currency in accordance with normal commercial practice in the inter-bank foreign exchange markets located in any jurisdiction(s) most closely associated with the relevant Subject Currency;

**Nationalisation**, being in relation to a Reference Exchange Rate, any expropriation, confiscation, requisition, nationalisation or other action is taken by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any relevant jurisdiction; and/or

**Dual Exchange Rate** means, in relation to a Reference Exchange Rate, any currency exchange rate to which a Reference Exchange Rate relates is split into dual or multiple currency exchange rates.

**FX Price Source Disruption** means, in relation to a Reference Exchange Rate (i) it becomes impossible or otherwise impracticable to obtain and/or execute the relevant rate(s) required to calculate the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be, on the Averaging Date, Observation Date, Valuation Date or Trigger Event Observation Date, or, if different, the day on which rates for that Averaging Date, Observation Date, Valuation Date or Trigger Event Observation Date, as the case may be, would in the ordinary course be published or announced by the relevant FX Price Source and/or (ii) there is a failure by the relevant FX Price Source to publish any relevant price or rate.

**FX Trading Suspension or Limitation** means, in relation to a Reference Exchange Rate, the suspension of and/or limitation of trading in currency or foreign exchange transactions or any related price or rate required to calculate the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be (which may be, without limitation, prices or rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent.

**Governmental Authority** means (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in each case in any relevant jurisdiction.

**Hedging Party** means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Notes from time to time.

#### 4. **FX Market Disruption Event Adjustment / Termination Provisions**

Without prejudice to the provisions of Currency Linked Conditions 2 and 3 above, upon the occurrence and/or continuation, in the determination of the Calculation Agent, of any FX Market Disruption Event, on or before the date on which the Issuer's obligations in respect of the Notes are discharged, the Issuer may, in its sole and absolute discretion, either:

- (a) direct the Calculation Agent (i) to make, in good faith and a commercially reasonable manner, such consequential adjustments to any of the terms of the Notes (including any payment or delivery obligations and which may involve making payment in any Base Currency) as it determines appropriate in order (x) to reflect the economic effect of the relevant FX Market Disruption Event and/or (y) to determine the relevant Reference Exchange Rate taking into account such available information as it determines relevant in good faith and/or (ii) to substitute any Reference Exchange Rate affected by such FX Market Disruption Event with a substitute Reference Exchange Rate selected by the Calculation Agent and to make such consequential adjustments to any of the terms of the Notes as it determines appropriate in order to reflect such substitution; or
- (b) redeem or cancel all (but not some only) of the Notes by giving notice to Holders in accordance with Condition 14. If the Notes are so redeemed, the Issuer shall pay on a day selected by the Issuer, the Early Redemption Amount to each Holder in respect of each Calculation Amount which will take into account the circumstances of the FX Market Disruption Event and all other available information which the Calculation Agent determines relevant in good faith.

#### 5. **Trigger Event Provisions**

If "Trigger Event Provisions" are specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event** means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event Observation Price** means, in relation to a Trigger Event Observation Date and a Reference Exchange Rate, the Trigger Event Observation Price determined in the manner specified in the applicable Final Terms, or if not so specified in the applicable Final Terms, the Currency Price for which purposes, references in the definition of Currency Price to "Valuation Date" shall be deemed to be to "Trigger Event Observation Date" and "Valuation Time" shall be deemed to be "Trigger Event Valuation Time".

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, any Trigger Event Observation Price at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Price, as determined by the Calculation Agent.

**Trigger Event Date** means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

**Trigger Event FX Disrupted Day Adjustments** means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is an FX Disrupted Day for any Reference Exchange Rate then, if "Trigger Event Observation Date consequences of an FX Disrupted Day" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; provided that if the final FX Business Day for all the Reference Exchange Rates in any Trigger Event Observation Period is an FX Disrupted Day for any Reference Exchange Rate and no Trigger Event has occurred in that Trigger Event Observation Period, such final day of such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day in respect of such affected Reference Exchange Rate(s) and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate(s) in respect of such day for such affected Reference Exchange Rate(s) in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
  - (ii) **Postponement**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was an FX Disrupted Day in respect of such affected Reference Exchange Rates and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day for such affected Reference Exchange Rates in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for an FX Disrupted Day in relation to any Reference Exchange Rate have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such Trigger Event Valuation Time shall be ignored for the purposes of determining whether a Trigger Event has occurred, provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for an FX Disrupted Day are satisfied for any Reference Exchange Rate as of the last occurring Trigger Event Valuation Time on the final FX Business Day for all the Reference Exchange Rates in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day for such affected Reference

Exchange Rate and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

- (ii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such FX Disrupted Day is not material for the purposes of determining the relevant Trigger Event Observation Price as of such time, the Trigger Event shall occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such FX Disrupted Day is material for the purposes of determining the relevant Trigger Event Observation Price as of such time, then the Trigger Event shall be deemed not to have occurred at such time provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for an FX Disrupted Day are satisfied for any Reference Exchange Rate as of the last occurring Trigger Event Valuation Time on the final FX Business Day for all the Reference Exchange Rates in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day for such affected Reference Exchange Rate and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

**Trigger Event (Intraday Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, any Trigger Event Observation Price is less than or equal to the relevant Trigger Price, as determined by the Calculation Agent.

**Trigger Event Observation Date** means each FX Business Day for all the Reference Exchange Rates during the Trigger Event Observation Period, subject as provided in Trigger Event FX Disrupted Day Adjustments above.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Valuation Time** means, in relation to a Reference Exchange Rate, the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time.

**Trigger Price** means, in relation to a Reference Exchange Rate, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Price specified for such Reference Exchange Rate in the applicable Final Terms.

**Trigger Percentage** means, in relation to a Reference Exchange Rate and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

## ANNEX 4

### ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Commodity Linked Notes shall comprise the terms and conditions of the Notes (the **Conditions**) and the Additional Terms and Conditions for Commodity Linked Notes set out below (the **Commodity Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Conditions and the Commodity Linked Conditions, the Commodity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and/or the Commodity Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

**Bullion** means any of gold, silver, platinum or palladium or such other precious metal specified as such in the applicable Final Terms in each case if specified in the applicable Final Terms.

**Bullion Business Day** means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and any relevant Bullion Business Day Centre specified in the applicable Final Terms.

**Calculation Agent Determination** means that the Calculation Agent will determine the Relevant Price (or method for determining the Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

**Commodity** and **Commodities** means, subject to adjustment in accordance with these Commodity Linked Conditions, in the case of an issue of Commodities Linked Notes relating to a Basket of Commodities, each commodity and, in the case of an issue of Commodity Linked Notes relating to a single Commodity, the Commodity, in each case specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Commodity Business Day** means, unless otherwise specified in the applicable Final Terms, (i) in respect of a Commodity other than Bullion: (A) a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which the relevant Commodity Reference Price is scheduled to be published or announced by the relevant Exchange and a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; or (B) where the relevant Commodity Reference Price is not a price announced or published by any relevant Exchange, a day in respect of which the relevant Price Source publishes (or, but for the occurrence of a Market Disruption Event, would have published) the relevant Specified Price or prices from which the Specified Price is calculated, or (ii) in respect of Bullion, a Bullion Business Day.

**Commodity Index Cut-Off Date** means, in respect of a Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source), the date specified in the applicable Final Terms, or if not so specified, the day falling two Business Days immediately preceding the relevant payment date or settlement

date, as applicable under the Notes, of any amount calculated in respect of such Pricing Date (or other date as aforesaid).

**Commodity Index** means, subject to adjustment in accordance with the Commodity Linked Conditions, any index specified as such in the applicable Final Terms and which may without limitation comprise various commodities, commodity prices or derivatives linked to commodities.

**Commodity Reference Price** means (i) in respect of all Commodities, the commodity reference price specified in the applicable Final Terms and (ii) in respect of a Commodity Index, the commodity reference price specified in the applicable Final Terms, or if not so specified, the official closing price of such Commodity Index.

**Commodity Trading Disruption** means the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange.

For these purposes:

- (a) a suspension of the trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if:
  - (i) all trading in the Futures Contract or the Commodity is suspended for the entire Pricing Date; or
  - (ii) all trading in the Futures Contract or the Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

**Delayed Publication or Announcement** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for the Relevant Number of consecutive Commodity Business Days specified in the Final Terms. In that case, the next Disruption Fallback (as defined below) specified in the applicable Final Terms will apply.

**Delivery Date** means the date specified in the applicable Final Terms.

**Disappearance of Commodity Reference Price** means:

- (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange;

- (ii) the disappearance of, or of trading in, the Commodity; or
- (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price,

notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Commodity.

**Exchange** means, in relation to a Commodity, the exchange or principal trading market specified as such for such Commodity in the applicable Final Terms or Commodity Reference Price.

**Fallback Reference Price** means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Market Disruption Event.

**Futures Contract** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price.

**Knock-in Determination Day** means the date(s) specified as such in the applicable Final Terms or, if not so specified, each Commodity Business Day during the Knock-in Determination Period (and in each case each such day will be deemed to be a Pricing Date and subject to adjustment as provided in the definition of Pricing Date and Commodity Linked Conditions 2 and 3 and (subject to Knock-in/Knock-out Market Disruption Event Adjustments) Commodity Linked Condition 4.

**Knock-in Determination Period** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

**Knock-in Event** is as specified in the applicable Final Terms.

**Knock-in Level** means, in respect of a Commodity or Commodity Index, the price of the Commodity or Commodity Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-in Period Beginning Date** means the date specified as such in the applicable Final Terms.

**Knock-in Period Ending Date** means the date specified as such in the applicable Final Terms or if such day is not deemed to be a Pricing Date (pursuant to the definition of Knock-in Determination Day or Knock-out Determination Day, as applicable) the immediately preceding deemed Pricing Date.

**Knock-out Determination Day** means the date(s) specified as such in the applicable Final Terms or, if not so specified, each Commodity Business Day during the Knock-out Determination Period (and in each case each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2 and 3 and (subject to Knock-in/Knock-out Market Disruption Event Adjustments) Commodity Linked Condition 4.

**Knock-out Determination Period** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**Knock-out Event** is as specified in the applicable Final Terms.

**Knock-out Level** means, in respect of a Commodity, the price of the Commodity specified as such or otherwise determined as provided in the applicable Final Terms.

**Knock-out Period Beginning Date** means the date specified as such in the applicable Final Terms.

**Knock-out Period Ending Date** means the date specified as such in the applicable Final Terms or if such day is not deemed to be a Pricing Date (pursuant to the definition of Knock-in Determination Day or Knock-out Determination Day, as applicable) the immediately preceding deemed Pricing Date.

**Mandatory Early Termination Amount** means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

**Mandatory Early Termination Calculation Amount** is as specified in the applicable Final Terms.

**Mandatory Early Termination Date** means each date specified as such in the applicable Final Terms.

**Mandatory Early Termination Event** means (each of) the events specified as such in the applicable Final Terms.

**Mandatory Early Termination Level** means the price per Commodity or Commodity Index specified as such or otherwise determined as provided in the applicable Final Terms.

**Mandatory Early Termination Rate** means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

**Mandatory Early Termination Valuation Cut-Off Date** means the eighth Commodity Business Day immediately following the Scheduled Mandatory Early Termination Valuation Date or if earlier the Commodity Business Day falling on the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

**Mandatory Early Termination Valuation Date** means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Commodity Business Day, the first Commodity Business Day thereafter, and each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2, 3 and 4. In particular, if in the opinion of the Calculation Agent, such day is a day on which there is a Market Disruption Event then the provisions of Commodity Linked Condition 4(a)(iv) will apply for the purposes of determining the relevant price on that Mandatory Early Termination Valuation Date and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended

for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Mandatory Early Termination Event shall occur.

**Market Disruption Event** means the occurrence of any of the following events:

- (i) with respect to all Commodities:
  - (A) Price Source Disruption;
  - (B) Commodity Trading Disruption;
  - (C) Disappearance of Commodity Reference Price;
- (ii) with respect to all Commodities other than Bullion:
  - (A) Material Change in Formula; and
  - (B) Material Change in Content;
- (iii) with respect to a Commodity Index:
  - (A) a temporary or permanent failure by the applicable exchange or other price source to announce or publish (x) the Commodity Reference Price or (y) closing price for any futures contract included in the Commodity Index;
  - (B) a material limitation, suspension or disruption of trading in one or more of the futures contracts included in the Commodity Index which results in a failure by the exchange on which each applicable futures contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues; or
  - (C) the closing price for any futures contract included in the Commodity Index is a "limit price", which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules; and
- (iv) any additional Market Disruption Events as specified in the applicable Final Terms.

**Material Change in Content** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract.

**Material Change in Formula** means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

**Nearby Month** when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by the numerical adjective, so that, for example, (i) **First Nearby Month** means the month of expiration of the first Futures Contract to expire following that Pricing Date and (ii) **Second Nearby Month** means the month of expiration of the second Futures Contract to expire following that Pricing Date etc.

**Postponement** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for the Relevant Number of consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date). In that case, the next Disruption Fallback specified in the definition of "Disruption Fallback" below will apply.

**Price Source** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the specified Commodity Reference Price or otherwise in the applicable Final Terms.

**Price Source Disruption** means:

- (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; or
- (ii) the temporary or permanent discontinuance or unavailability of the Price Source.

**Pricing Date** means the date or dates specified as such in the applicable Final Terms or, if any such day is not a Commodity Business Day in respect of a Commodity, the immediately following Commodity Business Day for that Commodity, subject, in the case of Notes relating to a Basket of Commodities, to Commodity Linked Condition 3(a) and in each case unless otherwise provided in the applicable Final Terms.

**Relevant Price** means for any Pricing Date, the price, expressed as a price per unit (or other relevant price) of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in these Commodity Linked Conditions and the applicable Final Terms.

**Specified Price** means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) as specified in the applicable Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the applicable Final Terms.

**Trigger Event** means a Trigger Event (Closing Observation) or such other event as specified in the applicable Final Terms.

**Trigger Event (Closing Observation)** means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Commodity Reference Price of any Commodity or Commodity Index is less than or equal to the relevant Trigger Level for such Commodity or Commodity Index, as determined by the Calculation Agent.

**Trigger Event Observation Date** means the date(s) specified as such in the applicable Final Terms or, if not so specified, each Commodity Business Day during the Trigger Event Observation Period (and in each case each such day will be deemed to be a Pricing Date and

subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2 and 3 and (subject to Trigger Event Market Disruption Event Adjustments) Commodity Linked Condition 4.

**Trigger Event Observation Period** means the period specified as such in the applicable Final Terms.

**Trigger Event Strike Level** means the level specified as such in the applicable Final Terms.

**Trigger Level** means, in relation to a Commodity or a Commodity Index, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Commodity or Commodity Index in the applicable Final Terms.

**Trigger Percentage** means, in relation to a Commodity or a Commodity Index and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

### 3. Terms relating to Calculation of Prices

#### (a) Common Pricing

With respect to Commodity Linked Notes relating to a Basket of Commodities, if "Common Pricing" is specified in the applicable Final Terms as:

- (i) "Applicable", then
  - (A) no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced; and
  - (B) if the Calculation Agent determines that a Market Disruption Event has occurred or exists on a Pricing Date in respect of any relevant Commodity and/or Commodity Index and the Calculation Agent determines that Delayed Publication or Announcement and/or Postponement apply as a Disruption Fallback then the determination of the Relevant Price of each Commodity and/or Commodity Index within the basket (including those not affected by the occurrence of a Market Disruption Event) shall be postponed until the date on which the Relevant Price of each Affected Commodity(ies) (as defined below) may be determined in accordance with Commodity Linked Condition 4 which will then be the relevant Pricing Date (regardless of whether that is already a Pricing Date); or
- (ii) "Not Applicable", then if the Calculation Agent determines that a Market Disruption Event has occurred or exists on the Pricing Date in respect of any Relevant Commodity and/or Commodity Index (each an **Affected Commodity**), the Relevant Price of each Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Market Disruption Event shall be determined on its scheduled Pricing Date and the Relevant Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

All determinations made by the Calculation Agent pursuant to this condition will be conclusive and binding on the Holders and the Issuer except in the case of manifest error.

(b) Correction to Published Prices

For purposes of determining or calculating the Relevant Price, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement (or, if earlier the day falling two Commodity Business Days preceding the date of payment or delivery under the Notes of any amount to be calculated by reference to such Relevant Price), the Calculation Agent may, in its sole discretion, use such corrected price in such calculation.

**4. Market Disruption and Disruption Fallback**

If, in the opinion of the Calculation Agent, a Market Disruption Event has occurred and is continuing on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source), the Relevant Price for that Pricing Date will be determined by the Calculation Agent, in accordance with the first applicable Disruption Fallback (as set out below) that provides a Relevant Price:

**Disruption Fallback** means a source or method that may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price when a Market Disruption Event occurs or exists on a day that is a Pricing Date in respect of the relevant Note. A Disruption Fallback is applicable if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified in the applicable Final Terms, shall mean:

(A) with respect to a relevant Commodity, (in the following order):

- I. Fallback Reference Price (if applicable);
- II. Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of the Relevant Number of consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date)) provided, however, that the price determined by Postponement shall be the Relevant Price only if Delayed Publication or Announcement does not yield a Relevant Price within those two consecutive Commodity Business Days); and
- III. Calculation Agent Determination;

(B) with respect to a Commodity Index the Calculation Agent shall determine the Relevant Price:

- (a) using:
  - (i) with respect to each futures contract included in the Commodity Index which is not affected by the Market Disruption Event, the closing prices of each such contract on the applicable determination date; and
  - (ii) with respect to each futures contract included in the Commodity Index which is affected by the Market Disruption Event, the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract; or

- (b) as specified in the applicable Final Terms.

Subject as provided below, the Calculation Agent shall determine the Relevant Price by reference to the closing prices determined in (a)(i) and (a)(ii) above or as provided in (b) above using the then current method for calculating the Commodity Reference Price.

Where a Market Disruption Event with respect to one or more futures contracts included in the Commodity Index has occurred on an applicable determination date and continues to exist as of the relevant Commodity Index Cut-Off Date for such applicable determination date, the Calculation Agent shall determine the Relevant Price on such Commodity Index Cut-Off Date. In calculating the Relevant Price as set out herein, the Calculation Agent shall use the formula for calculating the Commodity Reference Price last in effect prior to the Market Disruption Event.

## 5. Adjustments to a Commodity Index

- (a) Successor Index Sponsor Calculates and Reports a Commodity Index

If a relevant Commodity Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the **Successor Index Sponsor**) acceptable to the Issuer, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Commodity Index, then in each case that index (the **Successor Index**) will be deemed to be the Commodity Index.

- (b) Modification and Cessation of Calculation of a Commodity Index

If on or prior to a Pricing Date (i) the relevant Index Sponsor makes a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent commodities and weightings and other routine events), or (ii) the Index Sponsor permanently cancels a relevant Commodity Index or (iii) the Index Sponsor fails to calculate and announce a relevant Commodity Index and there is no Successor Index Sponsor or Successor Index then the Calculation Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii)) (such events (i) (ii) and (iii) to be collectively referred to as **Index Adjustment Events**) calculate the Relevant Price using in lieu of the published level for that Commodity Index, the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event, but using only those futures contracts that comprised that Commodity Index immediately prior to the relevant Index Adjustment Event (other than those futures contracts that have ceased to be listed on any relevant exchange).

- (c) Corrections to a Commodity Index

If the level of a relevant Commodity Index published on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Commodity Linked Notes (a **Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Commodity Index Level**) published by the relevant Index

Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment or delivery of any amount to be calculated by reference to the Relevant Calculation then such Corrected Commodity Index Level shall be deemed to be the relevant level for such Commodity Index on such Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) and the Calculation Agent shall use such Corrected Commodity Index Level in determining the relevant level or price.

## **6. Knock-in Event, Knock-out Event**

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

In each case Knock-in/Knock-out Market Disruption Event Adjustments (as set out below) will apply.

Unless otherwise specified in the applicable Final Terms:

**Knock-in/Knock-out Market Disruption Event Adjustments** means:

- (a) if any Knock-in Determination Day or Knock-out Determination Day is a day on which there is a Market Disruption Event in respect of any Commodity or Commodity Index then, if "Knock-in/Knock-out Determination Day consequences of Market Disruption Event" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; provided that if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a day on which there is a Market Disruption Event and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4 to determine the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, of the relevant Commodity or Commodities in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur;
  - (ii) **Market Disruption Applicable**, then the provisions of Commodity Linked Condition 4 will apply for the purposes of determining the relevant price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a day on which there is a Market Disruption Event and the Calculation Agent shall determine the relevant price of the relevant

Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or

- (iii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is not material for the purposes of determining the Commodity Reference Price at the relevant time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is material for the purposes of determining the Commodity Reference Price at the relevant time, then no Knock-in Event or Knock-out Event may occur at such time provided that if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Market Disruption Event on such day are satisfied as of the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4(a)(iv) to determine the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

## 7. **Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

In each case Trigger Event Market Disruption Event Adjustments (as set out below) will apply.

Unless otherwise specified in the applicable Final Terms:

**Trigger Event Market Disruption Event Adjustments** means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a day on which there is a Market Disruption Event then, if "Trigger Event Observation Date consequences of a Market Disruption Event" is specified in the applicable Final Terms as:
  - (i) **Omission**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred, as applicable; provided that if the deemed Pricing Date (as referred to in the definition of Trigger Event Observation Date) in any Trigger Event Observation Period is a day on which there is a Market Disruption Event and no Trigger Event has occurred in such Trigger Event Observation Period, such final Pricing Date of such Trigger Event Observation Period shall be treated as a date on which the Calculation Agent

applies the provisions set out in Commodity Linked Condition 4 to determine the relevant price on the final Pricing Date of such Trigger Event Observation Period, of the relevant Commodity or Commodities in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur;

- (ii) **Market Disruption Applicable**, then the provisions of Commodity Linked Condition 4 will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a day on which there is a Market Disruption Event and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (iii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is not material for the purposes of determining the Commodity Reference Price at the relevant time, the Trigger Event, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is material for the purposes of determining the Commodity Reference Price at the relevant time, then no Trigger Event may occur at such time provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Market Disruption Event are satisfied as of the final deemed Pricing Date (as referred to in the definition of Trigger Event Observation Date) in the Trigger Event Observation Period, then such day shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4(a)(iv) to determine the relevant price on the final Pricing Date of the Trigger Event Observation Period, in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

## **8. Mandatory Early Termination**

Unless the Notes have been previously redeemed, exercised, terminated or cancelled, if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Notes will be automatically redeemed or cancelled, as applicable, in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption or cancellation amount payable by the Issuer on such date upon redemption or cancellation of each Note shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

## ANNEX 5

### ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

#### 1. Interpretation

The terms and conditions applicable to Fund Linked Notes comprise the terms and conditions of the Notes (the **Conditions**) and the Additional Terms and Conditions for Fund Linked Notes set out below (the **Fund Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and/or the Fund Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. General Definitions

**Averaging Date** means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Final Terms.

**Valuation Date** means each Valuation Date specified in the applicable Final Terms.

#### 3. Provisions relating to Funds other than Exchange Traded Funds

Fund Linked Conditions 4, 5 and 6 apply in respect of Funds other than Exchange Traded Funds.

#### 4. Definitions (Funds other than Exchange Traded Funds)

**Affected Fund Interest** means any Fund Interest subject to any Fund Event (as defined below).

**Assets Under Management** (or **AUM**) means, in relation to a Fund, the value of its assets under management (howsoever described), as determined by the Calculation Agent by reference to such source(s) as it determines appropriate.

**Fund** or **Funds** means, subject to adjustment in accordance with these Fund Linked Notes Conditions, funds or each fund specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Fund Administrator** means the fund administrator, manager, trustee or similar entity or person with the primary administrative, book keeping or similar responsibilities for a Fund according to the relevant Fund Documents.

**Fund Adviser** means any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser).

**Fund Documents** means the constitutive and governing documents, prospectus, information memorandum, subscription agreements, subscription forms and other agreements of a Fund specifying the terms and conditions relating to the related Fund Interest, as amended from time to time.

**Fund Interest** means, subject to adjustment in accordance with these Fund Linked Conditions and subject to "Fund or Funds" above, each fund interest, share or unit specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Fund Redemption Valuation Date** means, in respect of a Fund Interest, the date as of which a Fund (or its Fund Service Provider that generally determines such value) would determine the Net Asset Value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

**Fund Service Provider** means any person or entity who or which is appointed to provide services, directly or indirectly, to a Fund, whether or not specified in the relevant Fund Documents, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar, transfer agent, domiciliary agent and/or any employee, contractor, service provider or office holder of any such entity which (or who) the Calculation Agent determines to be material with respect to the role, responsibility, obligations and/or business of any such entity.

**Fund Valuation Date** means a date as of which a Fund (or its Fund Service Provider that generally determines such value) determines the value of the related Fund Interest.

**Hedge Provider** means any one or more of the Issuer, an Affiliate of the Issuer or an agent or other counterparty or service provider of the Issuer and/or an Affiliate of the Issuer which in each case holds, acquires, conducts or maintains hedging arrangements in respect of one or more Fund Interests for the purposes of the Fund Linked Notes.

**Hypothetical Investor** means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) with respect to any Fund Interests which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding Fund Interests at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer, the Calculation Agent, any of their Affiliates and/or any Hedge Provider (as determined by the Calculation Agent in the context of the relevant situation).

**Net Asset Value**, in respect of a Fund Interest, means the net asset value or other equivalent value for that Fund Interest as determined by the Calculation Agent.

**Removal Date** means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realisation of such Affected Fund Interest effected as soon as reasonably practicable following the occurrence of the relevant Fund Event.

**Removal Value** means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive on the redemption or realisation of such Affected Fund Interest at the relevant time, provided that if any such redemption proceeds would comprise non-monetary assets the Removal Value shall include the amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realisation (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

**Scheduled Fund Redemption Valuation Date** means the date as of which a Fund (or its Fund Service Provider that generally determine such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the Net Asset Value of the related Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

**Scheduled Fund Valuation Date** means, in respect of a Fund Interest, a date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the value of the related Fund Interest or, if the Fund only reports its aggregate Net Asset Value, the date as of which such Fund is scheduled to determine its aggregate Net Asset Value.

**Valuation Time** means the time specified in the applicable Final Terms.

## 5. Fund Events

**Fund Event** means the occurrence of each of an Additional Fund Disruption Event, a Fund Disruption Event, a Fund Extraordinary Event and/or any additional event or occurrence specified as a Fund Event in the applicable Final Terms, all as determined by the Calculation Agent in its sole and absolute discretion.

- (a) **Additional Fund Disruption Event** means each of Change in Law, Fund Hedging Disruption or Increased Cost of Hedging.

**Change in Law** means that, on or after the Trade Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 Issuer or any Hedge Provider determines in good faith that (x) it has become illegal to hold, acquire or dispose of any Fund Interests, or (y) the Issuer or any Hedge Provider will incur a materially increased cost in performing its obligations under the Fund Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**Fund Hedging Disruption** means that the Issuer or any of its Affiliates or agents is unable, or it is impractical for the Issuer or any Hedge Provider, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to any Fund Interest of the Issuer issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (x) any restrictions or increase in charges or fees imposed by a Fund on an investor's ability to redeem the related Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (y) any mandatory redemption, in whole or in part, of a Fund Interest imposed by the related Fund (in each case other than any restriction in existence on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date).

**Increased Cost of Hedging** means that the Issuer or any Hedge Provider 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 (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of the Issuer issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realise, recover or remit the proceeds of any 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 shall not be deemed an Increased Cost of Hedging.

- (b) **Fund Disruption Event** means at any time the occurrence or continuance of any of the following events, as determined by the Calculation Agent in its sole and absolute discretion, if the Calculation Agent determines any such event is material:
- (i) **Fund Valuation Disruption: Fund Valuation Disruption** means (x) the failure of a Scheduled Fund Redemption Valuation Date in respect of a Fund Interest to be a Fund Redemption Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Redemption Valuation Date, or (y) the failure of a Scheduled Fund Valuation Date in respect of a Fund Interest to be a Fund Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Valuation Date;
  - (ii) **Fund Settlement Disruption: Fund Settlement Disruption** means a failure by a Fund on any day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests).
- (c) **Fund Extraordinary Event** means each of the following events:
- (i) **Nationalisation: Nationalisation** means that all the Fund Interests or all or substantially all the assets of a Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
  - (ii) **Insolvency: Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (x) all the Fund Interests of that Fund are required to be transferred to a trustee, liquidator or other similar official or (y) holders of the Fund Interests of that Fund become legally prohibited from transferring or redeeming them;
  - (iii) **Fund Insolvency Event: Fund Insolvency Event** means a Fund or relevant Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding-up or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (x) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy

or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (x) above and either (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (E) and (F) above;

- (iv) NAV Trigger Event: **NAV Trigger Event** means that (x) the aggregate net asset value of a Fund has decreased by an amount equal to or greater than the NAV Trigger Event Percentage specified in the applicable Final Terms since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or (y) a Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (v) Adviser Resignation Event: **Adviser Resignation Event** means the resignation, termination of appointment, or replacement of a Fund's Fund Adviser;
- (vi) Fund Modification: **Fund Modification** means any change or modification of the Fund, the Fund's procedures, Fund Interests and/or the relevant Fund Documents that could reasonably be expected to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date (without limitation this may include any merger or the creation of any further fund, including a "side-pocket" fund, in respect of the Fund's assets); or the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of Fund Interests, as compared to those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date;
- (vii) Strategy Breach: **Strategy Breach** means any breach or violation of any strategy or investment guidelines stated in the relevant Fund Documents that affects or is reasonably likely to affect the value of a Fund Interest or the

rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent); or any change of the nature of a Fund, including but not limited to the type of investments, the duration, the credit risk, disbursement or dividend policy, investment policy, remuneration or fee basis and diversification of the Fund or, as applicable, the investments to which that Fund is exposed, which, in the opinion of the Calculation Agent, is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof;

- (viii) Regulatory Action: **Regulatory Action** means (x) the cancellation, suspension or revocation of the registration or approval of a Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (y) any change in the legal, tax, accounting, or regulatory treatment of a Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Calculation Agent), or (z) a Fund or any of its Fund Administrator or Fund Adviser becoming subject to investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser;
- (ix) Reporting Disruption: **Reporting Disruption** means (x) the occurrence of any event affecting a Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest in respect of a Scheduled Fund Valuation Date or a Scheduled Fund Redemption Valuation Date, and such event continues for at least two consecutive Scheduled Fund Valuation Dates or Scheduled Fund Redemption Valuation Dates, as the case may be; and/or (y) any failure of a Fund to deliver, or cause to be delivered, (A) information that such Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Fund Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (B) information that has been previously delivered to the Calculation Agent and/or any Fund Interest investors, in accordance with such Fund's, or its authorised representative's, normal practice including any information which the Calculation Agent deems necessary to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the related Fund Interests;
- (x) Tax Filing Disruption: **Tax Filing Disruption** means a Fund or its relevant Fund Service Provider (a) provides or files (or has agreed to provide or file) any relevant information (including any tax filing) with any relevant tax authority (being any authority or entity of a jurisdiction or political subdivision or authority thereof having power to tax) as of the Trade Date and/or Issue Date (or where the related Fund Interest is a Replacement Fund Interest, the relevant replacement date), (b) the provision or filing of such relevant information is material for any reason in respect of the Notes (including, without limitation, any regulatory or tax or other treatment of the Notes) and (c) the Fund or its relevant Fund Service Provider ceases to provide or file such relevant information (or announces or confirms its

intention not to provide or file such relevant information, at any relevant time). Without limitation, such relevant information or filing may include any notification of tax base in accordance with Section 5(1) of the German Investment Tax Act (*InvStG*).

- (xi) Fund Service Provider Breach Cessation: **Fund Service Provider Breach Cessation** means that one or more Fund Service Provider(s) in respect of a Fund breaches any material obligation or duty in relation to the Fund and/or is in breach of or ceases to act or provide or carry out its relevant role or service (whether or not such Fund Service Provider or role or service is described in the relevant Fund Documents prevailing on the Trade Date or, where the related Fund Interest is a Replacement Fund Interest, the relevant replacement date) and any such Fund Service Provider is not immediately replaced by another service provider acceptable to the Calculation Agent;
- (xii) Fund Administrator Disruption: **Fund Administrator Disruption** means any event or circumstances compromising the independence of a Fund Administrator performing services for a Fund from the relevant Fund Adviser;
- (xiii) Related Agreement Termination: **Related Agreement Termination** means a Fund or any of Fund Service Provider is in breach of or has terminated any existing agreement with the Calculation Agent or any Hedge Provider in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing;
- (xiv) Regulatory/Other Restriction: **Regulatory/Other Restriction** means any event or circumstance that would (or would be likely to), if the Issuer or any of its Affiliates or any Hedge Provider were buying, selling or holding Fund Interests, (i) have the effect of imposing a reserve, deposit requirement or a similar requirement on any such entity not in existence at the Trade Date, (ii) affect the amount of regulatory capital that would have to be maintained by any such entity in respect of hedging arrangements in relation to the Notes, (iii) require any such entity to consolidate or otherwise treat differently for accounting or audit purposes any relevant Fund or Fund Interest and/or (iv) mean that any such entity has breached or would breach or be subject to any relevant restriction, limit or requirement with respect to the size or number of Fund Interests which may be directly or indirectly held by the relevant entity (in each case determined on the basis that the Notes' exposure to the relevant Fund Interests is fully hedged and taking into account all other direct or indirect holdings of Fund Interests by the relevant entity or any of its Affiliates). Without limitation, any such restriction, limit or requirement may be a restriction, limit or requirement of a Fund or Fund Service Provider or of the Issuer or any of its Affiliates or any Hedge Provider, as applicable, including any internal restriction, limit or requirement to which the Issuer or any of its Affiliates or any Hedge Provider, as applicable, is subject for any reason;
- (xv) Fund Volatility Event: **Fund Volatility Event** means any event specified as such in relation to the relevant Fund Interest in the applicable Final Terms;
- (xvi) AUM Event: **AUM Event** means that the Assets Under Management of a Fund at any time following the Trade Date is less than the AUM Limit specified in the applicable Final Terms or, if no AUM Limit is specified in

the applicable Final Terms, EUR 50,000,000 or, in each case, the currency equivalent thereof, all as determined by the Calculation Agent by reference to such source(s) as it determines appropriate; or

- (xvii) **Permission/Licence Failure:** **Permission/Licence Failure** means that it is not or is no longer permitted by the Fund or any Fund Service Provider (a) to refer to a relevant Fund or Fund Interests for purposes of the Notes and/or (b) to link or reference the Issuer's obligations under the Notes to a relevant Fund or Fund Interests. Without limitation this may be because any relevant permission or licence of the Fund or any Fund Service Provider has not been given or is withdrawn or not renewed for any reason..

Following the occurrence of a Fund Event, the Issuer may (but is not required to) take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to make such determinations and/or adjustments to the Terms and Conditions and/or the applicable Final Terms as it determines appropriate to account for the Fund Event, which may include, without limitation, delaying any determination and any related payment or delivery date until it determines that no Fund Event exists, calculating the value of a Fund Interest and/or replacing a Fund Interest (the **Affected Fund Interest**) with a replacement fund interest (the **Replacement Fund Interest**) with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Fund Event; or
- (ii) on giving notice to the Holders in accordance with Condition 14, redeem all (but not some only) of the Notes, each Note being redeemed at the Early Redemption Amount.

In the event of any delay as referred to in (i) above, the Issuer will not be required to pay any additional interest or compensation to Noteholders in respect of such delay.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest.

Upon the occurrence of a Fund Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Condition 14, giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action.

Notwithstanding any of the above provisions, none of the Issuer, Calculation Agent or any Hedge Provider or Affiliate of the Issuer will have any obligation to monitor or observe a Fund or Fund Interest to determine whether a Fund Event or any other relevant event or circumstance has occurred.

## **6. Fund Potential Adjustment Events**

**Fund Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Interests or a free distribution or dividend of any such Fund Interests to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of relevant Fund Interests of (A) such Fund Interests or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the related Fund equally or proportionately with such payments to holders of such Fund Interests or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the related Fund as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a repurchase by a Fund of relevant Fund Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than where such repurchase is a redemption of Fund Interests initiated by an investor in such Fund Interests and consistent with the relevant Fund Documents; or
- (v) any other event that may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of relevant Fund Interests. Without limitation, this may include any relevant change in legal form of the Fund or any Fund Interest or any relevant change in any currency of calculation, publication or payment in respect of any Fund Interest.

Following the declaration by a Fund of the terms of any Fund Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Fund Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interest and, if so, will make the corresponding adjustment, if any, to any one or more of any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion, determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest) and determine the effective date of that adjustment.

Upon the making of any such adjustment by the Calculation Agent, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Condition 14 stating the adjustment to any of the terms of the Terms and Conditions, and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event, provided that any failure to give, or non receipt of, such notice will not affect the validity of any such adjustment.

## **7. Provisions relating to Exchange Traded Funds**

Fund Linked Conditions 8, 9, 10 and 11 apply to Exchange Traded Funds.

## 8. Definitions (Exchange Traded Funds)

**Disrupted Day** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

**ETF** means any fund which is an exchange traded fund as specified in the applicable Final Terms, or if not so specified, any fund which the Calculation Agent determines to be an Exchange Traded Fund.

**Exchange** means, in relation to a Fund Share, the exchange or principal trading market for such ETF specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such ETF has temporarily relocated.

**Exchange Business Day** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Fund Share** means a share of each ETF, and references to "holder of Fund Shares" and "Fund Shareholder" shall be construed accordingly.

**Index Composition Percentage** has the meaning given in the applicable Final Terms.

**Related Exchange** means, in relation to a Fund Share, each exchange or principal trading market specified as such for such Fund Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such Fund Share has temporarily relocated (provided the Calculation Agent has determined that there is comparable liquidity relative to such Fund Shares on such temporary substitute exchange or quotation system as on the original Related Exchange), provided however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or principal trading market where trading has a material effect (as determined by the Calculation Agent) on the overall market for such Fund Shares.

**Scheduled Closing Time** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Trading Day** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Underlying Index** means the underlying index specified in the applicable Final Terms.

**Valuation Time** means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Fund Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## 9. Market Disruption

**Market Disruption Event** means, in respect of a Fund Share:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
  - (x) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
    - (A) relating to the relevant Fund Share on such Exchange; or
    - (B) relating to securities that comprise at least the Index Composition Percentage of the level of the relevant Underlying Index or any relevant successor index; or
    - (C) in futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange, or
  - (y) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (i) effect transactions in, or obtain market values for, the Fund Shares on the Exchange, (ii) effect transactions in, or obtain market values for securities that comprise at least the Index Composition Percentage of the level of the relevant Underlying Index, or (iii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in respect of a Fund Share at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the relevant Underlying Index at that time, then the relevant percentage contribution of that security, to the level of the relevant Underlying Index shall be based on a comparison of (i) the portion of the level of the relevant Underlying Index attributable to that security, and the overall level of the relevant Underlying Index immediately before the occurrence of such Market Disruption Event.

The Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 14 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Disrupted Day.

## 10. Potential Adjustment Event

**Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Shares (unless resulting in a Merger Event or Tender Offer), or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Fund Shares of (i) such Fund Shares or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the ETF equally or proportionately with such payments to holders of such Fund Shares or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by the ETF in respect of relevant Fund Shares that are not fully paid;
- (v) a repurchase by the ETF or any of its subsidiaries of relevant Fund Shares, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of an ETF, an event that results in any shareholder rights being distributed or becoming separated from Fund Shares of common stock or other shares of the capital stock of the ETF pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Shares.

Following a Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the terms of the Terms and Conditions of the Notes and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (b) determine the effective date(s) of that adjustment(s). The Calculation Agent may, but need not, determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Fund Shares traded on such options exchange.

Upon the making of any such adjustment, the Calculation Agent shall as soon as is reasonably practicable under the circumstances give notice to the Holders in accordance with Condition 14, stating the adjustment made and giving brief details of the Potential Adjustment Event, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

**11. De-Listing, Insolvency, Material Underlying Event, Merger Date, Merger Event, Nationalisation, Tender Offer**

**De-Listing** means, in respect of a Fund Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, such Fund Share ceases (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an ETF, (A) all the Fund Shares of that ETF are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Fund Shares of that ETF become legally prohibited from transferring them.

**Material Underlying Event** means any of the following:

- (i) the investment objectives and/or policies in respect of the ETF are materially changed;
- (ii) an illegality occurs or a relevant authorisation or licence is revoked in respect of the ETF and/or the ETF is required by a competent authority (other than any holder of the Fund Shares) to redeem any Fund Shares;
- (iii) there is a change in any relevant jurisdiction in respect of any payments made by the ETF in respect of any Fund Share as a result of which the amounts paid or to be paid by the Issuer in connection with hedging arrangements relating to the Notes are materially reduced or otherwise adversely affected; and/or
- (iv) any other event occurs in relation to the ETF and/or the Fund Shares which is materially prejudicial to the Issuer in connection with the issue of the Notes or any hedging arrangements relating to the Notes,

as determined by the Calculation Agent.

**Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event** means, in respect of any relevant Fund Shares, any (i) reclassification or change of such Fund Shares that results in a transfer of or an irrevocable commitment to transfer all of such Fund Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such ETF is the continuing entity and which does not result in any such reclassification or change of all such Fund Shares outstanding) or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Fund Shares of the relevant ETF that results in a transfer of or an irrevocable commitment to transfer all such Fund Shares (other than such Fund Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the ETF or its subsidiaries with or into another entity in which the ETF is the continuing entity and which does not result in a reclassification or change of all such Fund Shares outstanding but results in the outstanding

Fund Shares (other than Fund Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Fund Shares immediately following such event (a **Reverse Merger**), in each case if the Merger Date is on or before the Valuation Date.

**Nationalisation** means that all the Fund Shares or all or substantially all the assets of an ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Tender Offer** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the relevant ETF, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**Tender Offer Date** means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If a De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event occurs in relation to any Fund Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent, in its sole and absolute discretion, to determine the appropriate adjustment(s), if any, to be made to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms to account for the De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event, as the case may be, and determine the effective date(s) of that adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of the De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event made by any options exchange to options on the relevant Fund Share traded on that options exchange;
- (ii) give notice to the Holders in accordance with Condition 14, and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
- (iii) following such adjustment to the settlement terms of options on the Fund Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the **Options Exchange**), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Fund Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or Material Underlying Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or Material Underlying Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 14 stating the occurrence of the Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

## ANNEX 6

### ADDITIONAL TERMS AND CONDITIONS FOR INFLATION INDEX LINKED NOTES

#### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Inflation Index Linked Notes shall comprise the terms and conditions of the Notes (the **Conditions**) and the Additional Terms and Conditions for Inflation Index Linked Notes set out below (the **Inflation Index Linked Conditions**), subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Conditions and the Inflation Index Linked Conditions, the Inflation Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and/or the Inflation Index Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 2. Definitions

For the purposes of these Inflation Index Linked Conditions:

**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) 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 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.

**Relevant Level** has the meaning set out in the definition of "Delayed Index Level Event" above.

### 3. Inflation Index Linked Notes

#### (a) Inflation Index Linked Interest Notes

Unless previously redeemed or purchased and cancelled in accordance with the Conditions or as specified in the applicable Final Terms and subject to these Inflation Index Linked Conditions, each Inflation Index Linked Interest Note will bear interest in the manner specified in the applicable Final Terms and the Conditions.

#### (b) Inflation Index Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date.

### 4. 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:

Substitute Index Level = Base Level x (Latest Level/Reference Level); or

- (iii) otherwise in accordance with any formula specified in the relevant Final Terms,

in each case as of such Determination Date,

where:

**Base Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**Latest Level** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**Reference Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to Noteholders, in accordance with Condition 14 (*Notices*) of any Substitute Index Level calculated pursuant to this Inflation Index Linked Condition 4.

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 Inflation Index Linked Condition 4 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 Index Linked 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 Inflation Index Linked Condition 4(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 Inflation Index Linked Conditions 4(b)(ii), 4(b)(iii) or 4(b)(iv) below;
- (ii) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked 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 Index Linked Notes from the date that such replacement Inflation Index comes into effect;

- (iii) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked Conditions 4(b)(i) or 4(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 Inflation Index Linked Condition 4(b)(iii), the Calculation Agent will proceed to Inflation Index Linked Condition 4(b)(iv) below;
- (iv) if no replacement index or Successor Inflation Index has been determined under Inflation Index Linked Conditions 4(b)(i), 4(b)(ii) or 4(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 Index Linked Notes, on giving notice to Noteholders in accordance with Condition 14 (*Notices*), the Issuer shall redeem or cancel, as applicable all but not some only of the Inflation Index Linked Notes, each Inflation Index Linked 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 14 (*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 Index Linked Notes as it determines appropriate to account for the correction and will notify the Noteholders of any such adjustments in accordance with Condition 14 (*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 Index Linked Notes on the date notified by the Calculation Agent to Noteholders in accordance with Condition 14 (*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.

**5. Inflation Index Disclaimer**

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 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 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, the Guarantor, their Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

## ANNEX 7

### ADDITIONAL TERMS AND CONDITIONS FOR PHYSICAL DELIVERY NOTES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Physical Delivery Notes shall comprise the terms and conditions of the Notes (the **Notes Conditions**), the additional Terms and Conditions for Physical Delivery Notes set out below (the **Physical Delivery Notes Conditions**) and any additional terms and conditions specified in the applicable Final Terms, subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Notes Conditions and the Physical Delivery Notes Conditions, the Physical Delivery Notes Conditions shall prevail. In the event of any inconsistency between (i) the Notes Conditions and/or the Physical Delivery Notes Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

#### 1. Interpretation

The following provisions (the **Physical Delivery Notes Conditions**) apply to Notes specified as being Physical Delivery Notes in the applicable Final Terms or where Physical Delivery is specified in the applicable Final Terms.

#### 2. Delivery of Entitlement and Asset Transfer Notices

In order to obtain delivery of the Entitlement(s) in respect of any Note:

- (i) if such Note is represented by a Global Note, the relevant Holder must provide to Euroclear or Clearstream, Luxembourg (as applicable) in a form acceptable thereto, with a copy to the Principal Paying Agent and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice substantially in the form set out and/or containing the information specified in the Agency Agreement (the **Asset Transfer Notice**); and
- (ii) if such Note is in definitive form, the relevant Holder must deliver to any Paying Agent, with a copy to the Principal Paying Agent and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be or (ii) if such Note is in definitive form in writing.

If such Note is in definitive form, such Note must be delivered together with the duly completed Asset Transfer Notice.

The Issuer shall at the risk of the relevant Holder deliver the Entitlement in respect of each Note in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery.

Each Note will be redeemed by the Issuer on the Maturity Delivery Date (as defined below), by applying the nominal amount of each Note outstanding as at such date on behalf of the

relevant Noteholder to purchase the Entitlement for delivery, as specified in or determined in accordance with the applicable Final Terms and delivering the Entitlement.

All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together **Expenses**) arising from the redemption of the Notes and the delivery of any Entitlement shall be for the account of the relevant Holder and no delivery and/or transfer of any Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

An Asset Transfer Notice must:

- (i) specify the name, address and contact telephone number of the relevant Holder and the person from whom the Issuer may obtain details for the delivery of the Entitlement if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (ii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Holder's account with such Notes on or before the Maturity Delivery Date (as defined below);
- (iii) include an undertaking to pay all Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Expenses;
- (iv) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Holder's account to be credited with any cash payable by the Issuer, in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable;
- (v) certify that the beneficial owner of each Note is not a 'US Person' as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, which term is deemed to include any person that does not meet the definition of 'Non-United States Person' in Rule 4.7 promulgated by the United States Commodity Futures Trading Commission (the **CFTC**) under the United States Commodity Exchange Act, as amended (the **CEA**) (**US Person**), the Note is not being redeemed within the United States or on behalf of a US Person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a US Person in connection with any redemption thereof; and
- (vi) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or a Paying Agent as provided above. After delivery of an Asset Transfer Notice, the relevant Holder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Holder is the holder of the specified nominal amount of Notes according to its books.

Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Paying Agent the series number and number of Notes the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each such Note. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Maturity Delivery Date debit the securities account of the relevant Holder with the Notes the subject of the relevant Asset Transfer Notice.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in the Physical Delivery Notes Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, after consultation with the Principal Paying Agent and the Issuer and shall be conclusive and binding on the Issuer and the relevant Holder or in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Principal Paying Agent and the Issuer and shall be conclusive and binding on the Issuer and the relevant Holder.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Euroclear or Clearstream, Luxembourg, as the case may be, or the relevant Paying Agent, in each case in consultation with the Principal Paying Agent and the Issuer, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

Euroclear, Clearstream, Luxembourg or the relevant Paying Agent, as applicable, shall use its best efforts promptly to notify the Holder submitting an Asset Transfer Notice if, in consultation with the Principal Paying Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Paying Agents, Euroclear or Clearstream, Luxembourg shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

The Entitlement will be delivered at the risk of the relevant Holder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with these Physical Delivery Notes Conditions, the **Maturity Delivery Date**), provided that the Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If an Asset Transfer Notice is delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Maturity Delivery Date) at the risk of such Holder in the manner provided above, provided that if in respect of a Note an Asset Transfer Notice is not delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal

Paying Agent and the Issuer, later than the close of business in each place of receipt on the 90th calendar day following the Cut-off Date the Issuer's obligations in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Maturity Delivery Date falling after the originally designated Maturity Delivery Date and no liability in respect thereof shall attach to the Issuer.

Delivery of the Entitlement in respect of the Notes is subject to all applicable laws, regulations and practices in force on the Maturity Delivery Date and none of the Issuer or any of its Affiliates or agents and the Paying Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer or any of its Affiliates or agents and the Paying Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Notes.

For such period of time after the Maturity Delivery Date as any person other than the relevant Holder shall continue to be the legal owner of the securities or obligations comprising the Entitlement (the **Intervening Period**), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities or obligations during the Intervening Period or (iii) be under any liability to the relevant Holder, or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Holder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities or obligations during such Intervening Period.

Where the Entitlement comprises shares, any dividend or other distribution in respect of such Entitlement will be payable to the party that would receive such dividend or other distribution according to market practice for a sale of the Share executed on the Maturity Delivery Date and to be delivered in the same manner as the Entitlement. Any such dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Asset Transfer Notice.

Where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Noteholders will receive an Entitlement comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Entitlements), and in respect of the amount of Relevant Assets not capable of being delivered, an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate).

### **3. Settlement Disruption Event**

If, prior to the delivery of the Entitlement in accordance with these Physical Delivery Notes Conditions, a Settlement Disruption Event is subsisting, then the Maturity Delivery Date in respect of such Note shall be postponed until the next Settlement Business Day on which no

Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder, in accordance with Notes Condition 14. Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Entitlement pursuant to these Physical Delivery Notes Conditions. Where delivery of the Entitlement has been postponed as provided in the Physical Delivery Notes Conditions the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Entitlement in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Holder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the **Election Notice**) is given to the Noteholders in accordance with Notes Condition 14.

#### 4. **Failure to Deliver due to Illiquidity**

If Failure to Deliver due to Illiquidity is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Entitlement (the **Affected Relevant Assets**), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver due to Illiquidity**), then:

- (i) subject as provided elsewhere in the Physical Delivery Notes Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Delivery Date in accordance with the Physical Delivery Notes Conditions; and
- (ii) in respect of any Affected Relevant Assets, notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Holder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Noteholders in accordance with Notes Condition 14. The Issuer shall give notice (such notice a **Failure to Deliver Notice**) as soon as reasonably practicable to the Noteholders in accordance with Notes Condition 14 that the provisions of this Physical Delivery Notes Condition 4 apply.

#### 5. **Definitions**

For the purposes of these Physical Delivery Notes Conditions:

**Disruption Cash Settlement Price** means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the fair market value of such Notes (but not taking into account any interest accrued on such Note and paid pursuant to Notes Condition 5 and Notes Condition 6) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

**Failure to Deliver Settlement Price** means, in respect of each nominal amount of the Notes equal to the Calculation Amount, the fair market value of the Affected Relevant Assets in

respect of such Notes on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

**Settlement Disruption Event** means an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, delivery of the Entitlement by or on behalf of the Issuer in accordance with the Physical Delivery Notes Conditions and/or the applicable Final Terms is not practicable.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuers for their general corporate purposes, which include making a profit. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF UNICREDIT AND THE UNICREDIT GROUP

UniCredit S.p.A. (**UniCredit**), established in Genoa, Italy, by way of a private deed dated 28 April 1870 with a duration until 31 December 2100, is incorporated as a joint-stock company under Italian law, with registered office at Via A. Specchi 16, 00186, Rome, Italy and is registered with the Company Register of Rome under registration number, fiscal code and VAT number 00348170101. UniCredit is registered with the National Register of Banks and is the parent company of the UniCredit Group. UniCredit's head office and principal centre of business is at Piazza Cordusio, 20123, Milan, Italy, telephone number +39 028862 8715 (Investor Relations). The fully subscribed and paid-up share capital of UniCredit as at the date of this Base Prospectus amounted to €19,647,948,525.10.

The UniCredit Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Italian Banking Act under number 02008.1 (the **Group** or the **UniCredit Group**), is a leading financial services group with a well established network in 22 countries, including Italy, Germany, Austria, Poland and several other Central and Eastern European (**CEE**) countries. As at 31 December 2011, UniCredit had representative offices and branches in 28 international markets and 160,360 full time equivalent employees. The Group's portfolio of activities is highly diversified by segments and geographical areas, with a strong focus on commercial banking. Its wide range of banking, financial and related activities includes deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches (*bancassurance*).

The Group is one of the leading banks in Italy, in terms of number of branches, and among the leading banks, in terms of total assets, in many of the CEE countries in which it operates.

## HISTORY

### Formation of the Group

The Group was initially formed as a result of the October 1998 business combination between the Credito Italiano national commercial banking group and the Unicredito group of regional savings banks. The business combination resulted in the creation of UniCredito Italiano S.p.A. (**UniCredito Italiano**) and combined the product strengths and complementary geographic coverage of these two leading Italian banking groups in order to compete more effectively in the Italian and European banking and financial services markets.

Since its formation, the Group has continued to expand in Italy and Central and Eastern Europe through both organic growth and acquisitions, including, among others, the acquisitions of certain interests in and/or control of Bank Polska Kasa Opieki S.A. (**Bank Pekao**) in Poland in 1999; Splitska Banka D.D. in Croatia, Pol'nobanka A.S. (today **UniBankaA.S.**) in Slovakia and Bulbank A.D. in Bulgaria in 2000; Zagrebačka Banka D.D. (**Zagrebačka**) in Croatia, Demirbank Romania S.A. in Romania and Koç Finansal Hizmetler A.S. in Turkey in 2002; Zivnostenska Banka a.s. in the Czech Republic in 2003; Yapi Kredi in Turkey in 2005; and San Menkul Değerler A.Ş. in Turkey in 2008.

In October 2000, the Group acquired the Global Investment Management division of the U.S.-based Pioneer group (**Pioneer**). Following this acquisition, the Group consolidated its asset management businesses under a newly formed holding company named Pioneer Global Asset Management S.p.A. (**PGAM**) with interests in Pioneer Investment Management SGR S.p.A., Pioneer Investment Management Ltd., Pioneer Asset Management SA and Pioneer Investment Management USA, Inc..

From 2005, the Group significantly expanded its international operations, mainly in Germany, Austria and Central and Eastern Europe, through the business combination with Bayerische Hypo- und Vereinsbank AG (**HVB**). See “*The Business Combination with the HVB Group*”.

In August 2007, Bank Austria acquired the brokerage business of the Russian broker, Aton Capital Group, for the purpose of entering the Russian brokerage and investment banking market.

In 2007, HVB transferred an approximately 70 per cent. interest in International Bank Moscow (subsequently renamed **Zao UniCredit Bank**) to Bank Austria, which acquired, between the end of December 2006 and the beginning of January 2007, the interests of minority shareholders, thereby becoming the sole shareholder of Zao UniCredit Bank, one of the top ten Russian banks in terms of total assets.

In May 2007, UniCredit’s Board of Directors approved the merger of Capitalia S.p.A. (**Capitalia**) into UniCredito Italiano, which became effective as of 1 October 2007. See “*The Business Combination with the Capitalia Group*”.

In October 2007, PGAM signed a joint venture agreement with Bank of Baroda in India in order to extend its presence to one of the world’s fastest growing mutual fund markets. Pursuant to this agreement, in 2008 PGAM purchased a 51 per cent. interest in the share capital of BOB Asset Management Company Ltd, which subsequently changed its company name to Baroda Pioneer Asset Management Company Ltd.

In November 2007, Bank Austria acquired a 91.8 per cent. interest (later increased to 99.70 per cent.) in JSC ATF Bank.

In 2007 and 2008, the Group also reorganised its operations in some Central and Eastern European countries (Slovakia, Bulgaria, Romania, the Czech Republic and Bosnia Herzegovina) where, as a result of the HVB business combination, it had a number of subsidiaries.

In January 2008, Bank Austria finalised the acquisition of 94.2 per cent. (later increased to 95.34 per cent.) of the total issued share capital of JSCB Ukrsofsbank, the fourth largest bank listed on the Ukrainian stock exchange in terms of deposits and loans.

In May 2008, the UniCredito Italiano extraordinary shareholders’ meeting changed the name of UniCredito Italiano to UniCredit S.p.A.

In the first few months of 2009, the Group integrated the ICT and back office activities of HVB and Bank Austria into, respectively, UniCredit Global Information Services S.p.A. and UniCredit Business Partner S.p.A. (subsequently transformed into a joint stock consortium).

In January 2009, mortgages to individuals and consumer credit in Italy previously provided by Fineco Prestiti S.p.A., were integrated through the incorporation of UniCredit Banca per la Casa S.p.A. into UniCredit Consumer Financing Bank S.p.A. (now UniCredit Family Financing Bank S.p.A. (**UniCredit Family Financing Bank**)) and a new model for leasing management at the Group level was realised through the incorporation of UniCredit Global Leasing S.p.A. into Locat S.p.A. (now UniCredit Leasing S.p.A. (**UniCredit Leasing**)).

In April 2009, in order to create a partnership with one of the main operators in the real estate sector, Pioneer Investment Management SGR S.p.A. (**PIM SGR**), a wholly-owned subsidiary of PGAM, acquired an equity interest of 37.5 per cent. in Torre SGR S.p.A. (a real estate fund management company under the Fortress Investment Group LLC, an alternative management company listed on the New York Stock Exchange). The acquisition was carried out through a capital increase reserved to and fully subscribed by PIM SGR by contribution in kind of its real estate funds business unit.

In January 2009 and 2010, UniCredit carried out two capital increases for approximately €3 billion and €4 billion, respectively. These capital increases were aimed at strengthening the Group's capital base. Mediobanca – Banca di Credito Finanziario S.p.A. underwrote 967,564,061 ordinary shares in connection with the 2009 capital increase and granted UniCredit a usufruct right over such shares which were used to back the issuance of convertible and subordinated hybrid equity-linked securities (**CASHES**). For further information, see “*Recent Developments – Contracts Relating to CASHES*”.

In March 2010, UniCredit, together with the Italian Ministry of Economy and Finance, Cassa Depositi e Prestiti S.p.A., Intesa Sanpaolo S.p.A., Monte dei Paschi di Siena S.p.A., the Associazione Bancaria Italiana and the Confederazione Generale dell'Industria Italiana, launched Fondo Italiano di Investimento SGR S.p.A., an Italian investment fund for small and medium enterprises.

On 22 March 2011 in order to increase the commercial efficacy of UniCredit's relationship with “Private” clients, through better Group level control of portfolio management, the Board approved a partial spin off in favour of UniCredit of the going concern related to the segregated accounts of private banking clients of Pioneer Investment Management SGR (**PIM**). The Bank of Italy issued its authorisation for the spin off on 27 June 2011. The Board and the shareholders of PIM each approved the spin off on 3 August 2011 and 20 July 2011, respectively. The spin off has become effective on 1 January 2012.

On 15 November 2011, UniCredit ceased its cash equities and equity research activities in Western Europe and entered into an exclusive strategic alliance with Kepler Capital Markets S.A. (**Kepler**) for cash equity research and execution services in Western Europe. The strategic alliance is subject to regulatory approval.

### **The Business Combination with the HVB Group**

On 12 June 2005, UniCredit entered into a business combination agreement (the **BCA**) with HVB relating to the combination of the UniCredit Group with the HVB group, the transaction structure and the future organisational and corporate governance structure of the combined group. At the time of the BCA, HVB owned a 77.53 per cent. interest in Bank Austria and, indirectly through Bank Austria, a 71.03 per cent. interest in Bank BPH S.A., a Polish listed bank (**BPH**). The BCA provided for the terms and conditions of three public exchange offers in Germany, Austria and Poland for all outstanding shares of HVB, Bank Austria and BPH. The BCA terminated on 17 November 2010.

#### ***HVB (now renamed UniCredit Bank AG)***

On 26 August 2005, UniCredit launched a public tender offer to acquire all of the common shares and all of the preferred shares of HVB. At the conclusion of the offer, UniCredit controlled approximately 93.93 per cent. of the registered share capital and voting rights of HVB. UniCredit's ordinary shares were admitted to trading on the Frankfurt Stock Exchange in November 2005.

On 9 January 2007, HVB transferred its 77.53 per cent. interest in the share capital of Bank Austria to UniCredit (which already held a 17.5 per cent. interest in Bank Austria). HVB then transferred its 100 per cent. interest in the share capital of HVB Ukraine to Bank Pekao.

On 23 January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of HVB. At that time, UniCredit held 95.45 per cent. of the share capital of HVB. Despite challenges by shareholders of HVB, the squeeze-out of HVB's minority shareholders was resolved upon by the bank's shareholders' meeting in June 2007 and was registered with the Commercial Register of Munich on 15 September 2008. The squeeze-out price was €38.26 per HVB share, for a total consideration of approximately €1,398 million. The HVB shares held by the minority shareholders were transferred to UniCredit by act of law, and HVB became UniCredit's wholly-owned subsidiary. Proceedings as to the adequacy of the squeeze-out price are still pending. For further information, see “*Additional Relevant Information*”.

On 15 December 2009, HVB changed its name to UniCredit Bank AG.

In the first half of 2010, UCBAG acquired the majority of Bank Austria's subsidiary UniCredit CAIB AG. On 1 July 2010, UniCredit CAIB AG merged into UCB AG, becoming UCB AG's Austrian branch.

### ***Bank Austria***

On 26 August 2005, UniCredit published an offer document for the purchase of all bearer shares without par value and all registered shares of Bank Austria that HVB did not hold at the time. At the conclusion of the offer, the Group held 94.98 per cent. of the aggregate share capital of Bank Austria.

On 4 August 2006, the Board of Directors of UniCredit and the supervisory board of Bank Austria approved a reorganisation plan of the Group's subsidiaries in Central and Eastern Europe, for the purpose of making Bank Austria the sub-holding for the Group's banking subsidiaries in CEE countries except Poland and Ukraine.

Following completion of the contribution in kind, UniCredit's direct and indirect interest in Bank Austria increased from 94.98 per cent. to 96.35 per cent.

Subsequently, HVB transferred its 77.53 per cent. interest in Bank Austria to UniCredit and its 100 per cent. participation in HVB Ukraine to Bank Pekao.

On 23 January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of Bank Austria. At that time, UniCredit directly held 96.35 per cent. of the share capital of Bank Austria. The shareholders' meeting on 3 May 2007 approved the squeeze-out transaction of Bank Austria. Subsequently, and as a consequence of settlement procedures with certain shareholders of Bank Austria who challenged the squeeze-out resolution, the squeeze-out was registered with the Vienna Commercial Register on 21 May 2008 and UniCredit became the owner of 99.995 per cent. of Bank Austria's share capital while the remaining 0.005 per cent. (equal to 10,100 shares) was held by AVZ and BR-Funds. Proceedings as to the adequacy of the squeeze-out price are still pending. See "*Additional Relevant Information*".

On 27 September 2008, Bank Austria changed its legal name to UniCredit Bank Austria AG (**BA**, or **Bank Austria**).

In March 2010, BA carried out a €212 million capital increase, resulting in an increase of its equity in an amount of €2 billion (€212 million paid as the subscription price and €1.79 billion paid as capital surplus). Consequently, UniCredit's interest in BA increased to 99.996 per cent.

### ***BPH***

On 20 January 2006, UniCredit communicated to the Polish Securities and Exchange Commission, the Warsaw Stock Exchange and the Polish Press Agency its mandatory public tender offer for the shares (representing 28.97 per cent. of the share capital) of BPH that it did not already own. Upon expiry of the acceptance period, no BPH shares had been tendered in the offer.

In November 2006, Bank Austria transferred its 71.03 per cent. interest in BPH to UniCredit, for allocation to the newly constituted Poland Market business segment. The long-term objective of the Poland Market business segment was to maximise the creation of value in the Polish market pursuant to the spin-off of a part of BPH to Bank Pekao. Such spin-off was finalised in November 2007. In addition, following regulatory approval, in December 2007, UniCredit's ordinary shares commenced trading on the Warsaw Stock Exchange.

On 17 June 2008, in order to facilitate the merger process between Bank Pekao and BPH, UniCredit transferred its 65.9 per cent. shareholding in BPH to GE Money Bank, a Polish bank belonging to the global consumer lending division of General Electric. Prior to the sale, UniCredit held 71.03 per cent. of the share capital of BPH. UniCredit's remaining approximately 5.1 per cent. stake in BPH was subsequently sold to DRB Holding B.V. (a General Electric group company) in September 2009. In addition, in the context of the transaction, on 18 June 2008, CABET Holding, a company controlled by BA, sold 49.9 per cent. of its stake in BPH TFI (a company operating in the asset management sector) to GE Capital Corporation.

### **The Business Combination with the Capitalia Group**

On 20 May 2007, the Board and Capitalia's Board of Directors approved the merger of Capitalia (holding company of several banks including Banca di Roma S.p.A., Banco di Sicilia S.p.A., Bipop Carire S.p.A., FinecoBank S.p.A. and MCC S.p.A.) into UniCredit (the **Merger**), which was subsequently approved by the shareholders' meetings of both UniCredit and Capitalia on 30 July 2007. The Merger was effected by way of incorporation of Capitalia into UniCredit. As a consequence, Capitalia ceased to exist and all of its assets, rights and obligations were transferred to UniCredit as of 1 October 2007.

In 2008, Capitalia's various businesses were brought into line with the Group's model through:

- the reorganisation of the Italian Retail segment into three network banks with specific regional competences;
- the transfer of Capitalia's corporate and private banking assets to the corresponding Group banks, which are specialised according to customer segments in line with the divisional Group model;
- the reorganisation and integration of real estate, internal audit, IT and back office operations; and
- the sale of branches in compliance with the order issued by the Italian Competition Authority (the **AGCM**) upon release of its authorisation of the Merger.

In addition, on 17 March 2010, UniCredit sold its entire stake in Assicurazioni Generali, through its subsidiary UniCredit Bank Ireland Plc., as required by the AGCM in its approval of the Merger.

### **Project One4C**

On 13 April 2010, the Board approved the Group's ONE4C project (the **One4C Project**). The objective of the One4C Project was to achieve greater customer satisfaction.

In particular, the Board approved the mergers of UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank and UniCredit Bancassurance Management & Administration S.c.r.l into UniCredit (together the **One4C Mergers**). Also, on 13 April 2010, the Board appointed a Country Chairman responsible for all banking activities in Italy, creating a structure similar to the one already existing in Austria, Germany and Poland.

The One4C Project established four specialised client segments: Families, Small and Medium-sized Enterprises, Corporate Banking and Private Banking. The One4C Project also established three specialised Italian sales networks dedicated to servicing:

- approximately 8 million customers with deposits up to €500,000 and 1 million firms with annual turnover of up to €50 million (F&SME);

- over 19,000 firms with annual turnover greater than €50 million (CB); and
- over 160,000 customers with deposits greater than €500,000 (Private Banking).

In addition, Italy was divided into seven geographical areas. A manager was appointed to cover each geographical area and act as the point of contact for local institutions.

On 15 June 2010, the Bank of Italy authorised the One4C Mergers. The merger deed relating to the One4C Mergers was executed on 19 October 2010, and on 1 November 2010 the One4C Mergers became effective and UniCredit commenced its direct banking activities.

### **Rationalisation of the Companies and Support Units Providing Global Banking Services to the Group**

At the end of 2010, the Group began rationalising its businesses that provide Global Banking Services (GBS) to the Group (the **Rationalisation Project**).

The Rationalisation Project supports the Group's need to respond more swiftly and consistently to the requests of Group customers (internal and external) by:

- simplifying GBS and making it more efficient by, among other things, reducing the number of legal entities providing GBS and maximising economies of scale;
- increasing the transparency of the costs of GBS; and
- improving the innovativeness, quality and risk management of GBS by creating operating units that focus on an end-to-end strategy.

UniCredit Global Information Services (**UGIS**), which has been renamed UniCredit Business Integrated Solutions (**UBIS**), will operate as the Group's sub-holding and provide GBS to the Group.

The Rationalisation Project will be carried out through the gradual reorganisation of the companies and support units providing GBS to the Group. Aside from the merger of Quercia Software S.p.A. into UGIS, which took place on 1 June 2011, the Rationalisation Project will be carried out in two phases:

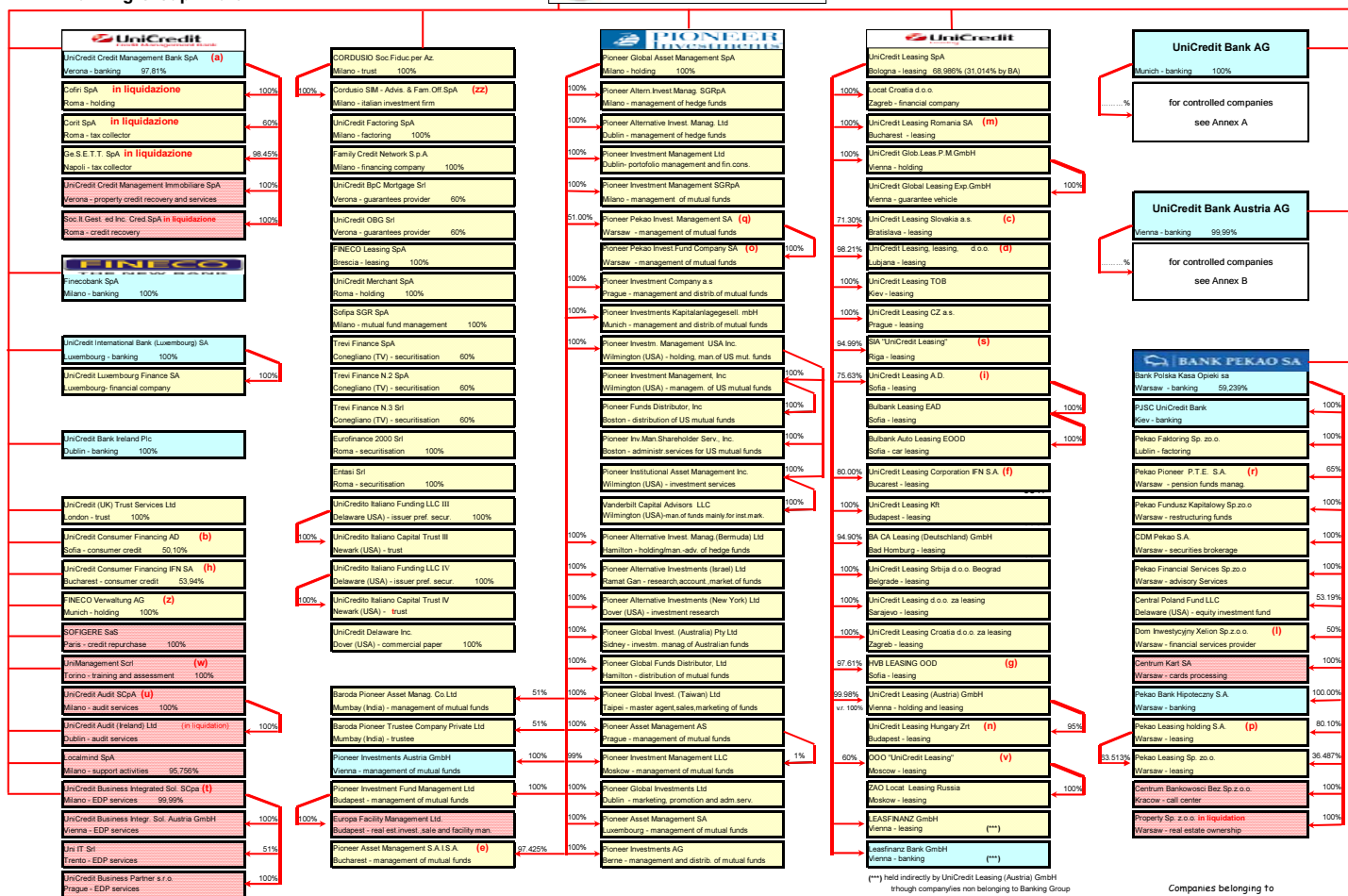
- the first aims to consolidate the Group's GBS in Italy, by means of the merger by incorporation of UniCredit Real Estate (**UCRE**) and UniCredit Business Partner (**UCBP**) into UniCredit and UGIS, respectively, with effect from 1 January 2012 and the consolidation into UGIS of the going concerns of UniCredit designated "ICT, Security, Global Sourcing and Operations" and "Real Estate General Services" as well as the rationalisation and alignment of the activities "ICT, Back Office and Middle Office, Real Estate, Security and Global Sourcing" in Germany and Austria; in Germany, the services in scope are managed within two different legal forms (UniCredit Business Integrated Solutions and UGBS GmbH). Evaluation is underway to determine possible reviews of this current configuration; and
- the second (to be carried out presumably by the first half of 2012) aims to complete the consolidation of the Group's GBS abroad. In particular on 1 February 2012 the merger of UniCredit Business Partner GmbH into UGIS Austria GmbH became effective and after the merger the incorporating company changed its company name in UniCredit Business Integrated Solution Austria GmbH.

## THE CURRENT ORGANISATIONAL STRUCTURE

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

UniCredit, as a bank which undertakes management and co-ordination activities for the UniCredit Group, pursuant to the provisions of Article 61 of Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**), issues, when exercising these management and co-ordination activities, instructions to the other members of the banking group in respect of the fulfilment of requirements laid down by the Bank of Italy in the interest of the banking group's stability.

The following organisation charts illustrate the main banking group companies as at the date of this Base Prospectus.

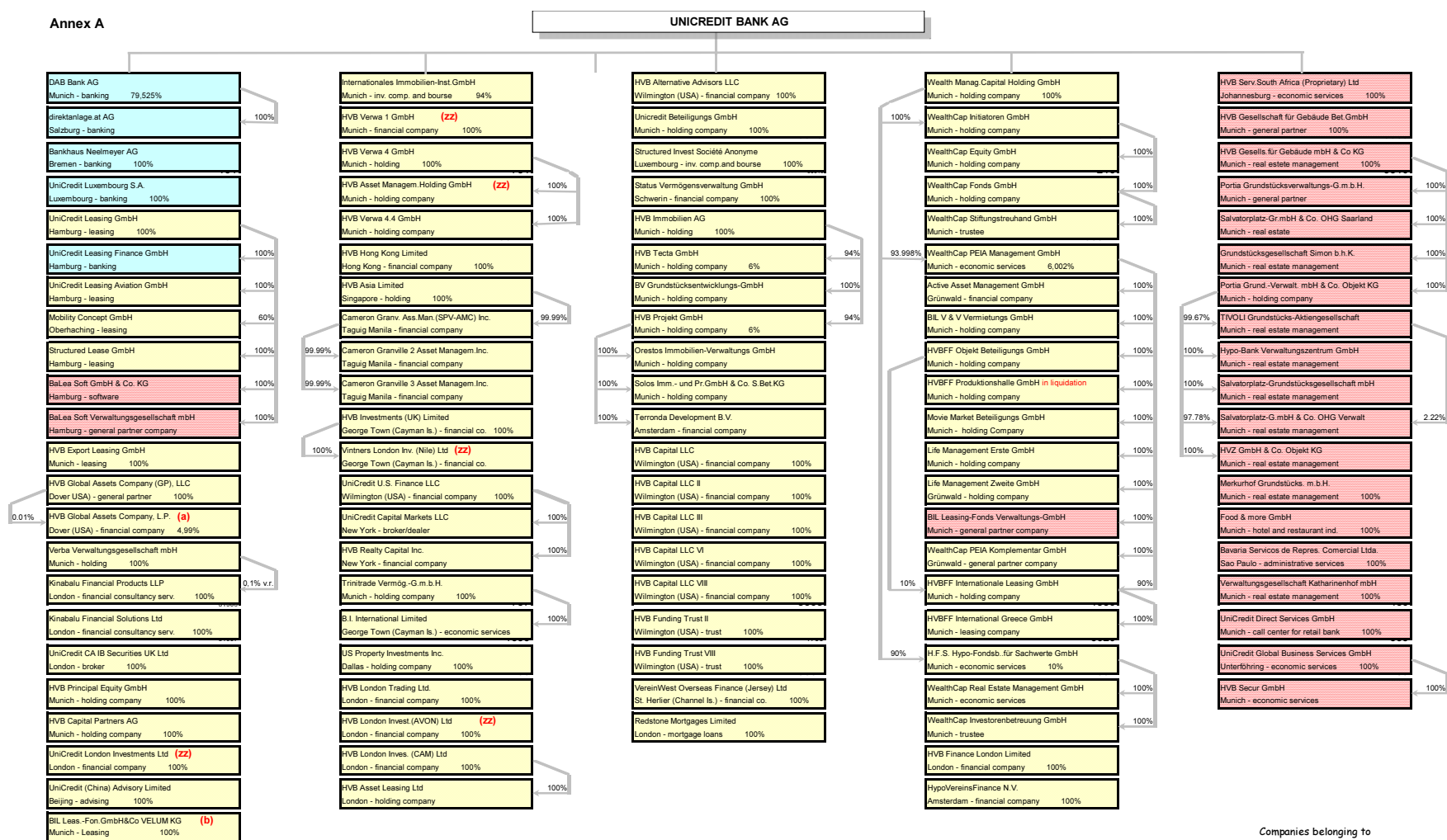


(a) # 175.000 shares owned by UniCredit Credit Management Bank SpA (b) 49,9% held by UniCredit Bulbank AD (c) 8,8% held by UniCredit Leasing CZ a.s. (8168), 19,90% held by UniCredit Bank Slovakia a.s. (10082 BA) (d) 1,79% held by UniCredit Bank Slovenija DD (370 BA) (e) 2,575% held by UniCredit Tiriak Bank SA (10028) (f) 20% held by UniCredit Tiriak Bank (10028 BA) (g) 2,39% held by UniCredit Bulbank AD (10073 BA) (h) 46,06% held by UniCredit Tiriak Bank SA (f) 24,37% held by UniCredit Bulbank AD (10073) (i) 50% owned directly by Credit (m) UniCredit Tiriak Bank holds one share of the company (n) 5% held by BA Eurolease Beteiligungs-gesellschaft m.b.H. (213) (o) in Polish: Pioneer Pekao TFI SA (p) 19,90% held by UniCredit Leasing SpA (q) 49% held by Bank Pekao SA (r) 35% held by Pioneer Global Asset Management SpA (s) 5,01% held by AS UniCredit Bank (10286 BA) (t) Other companies belonging to UniCredit Group and third parties hold 10/20 shares of the company (u) Other companies belonging to UniCredit Group hold 20/40 shares of the company (v) 40% held by Zao UniCredit Bank (BA) (w) 10 shares held by UniCredit Business Integrated Solutions Scpa (z) to be included in the Banking Group (zz) not operative

banking
financial
instrumental

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## Annex A

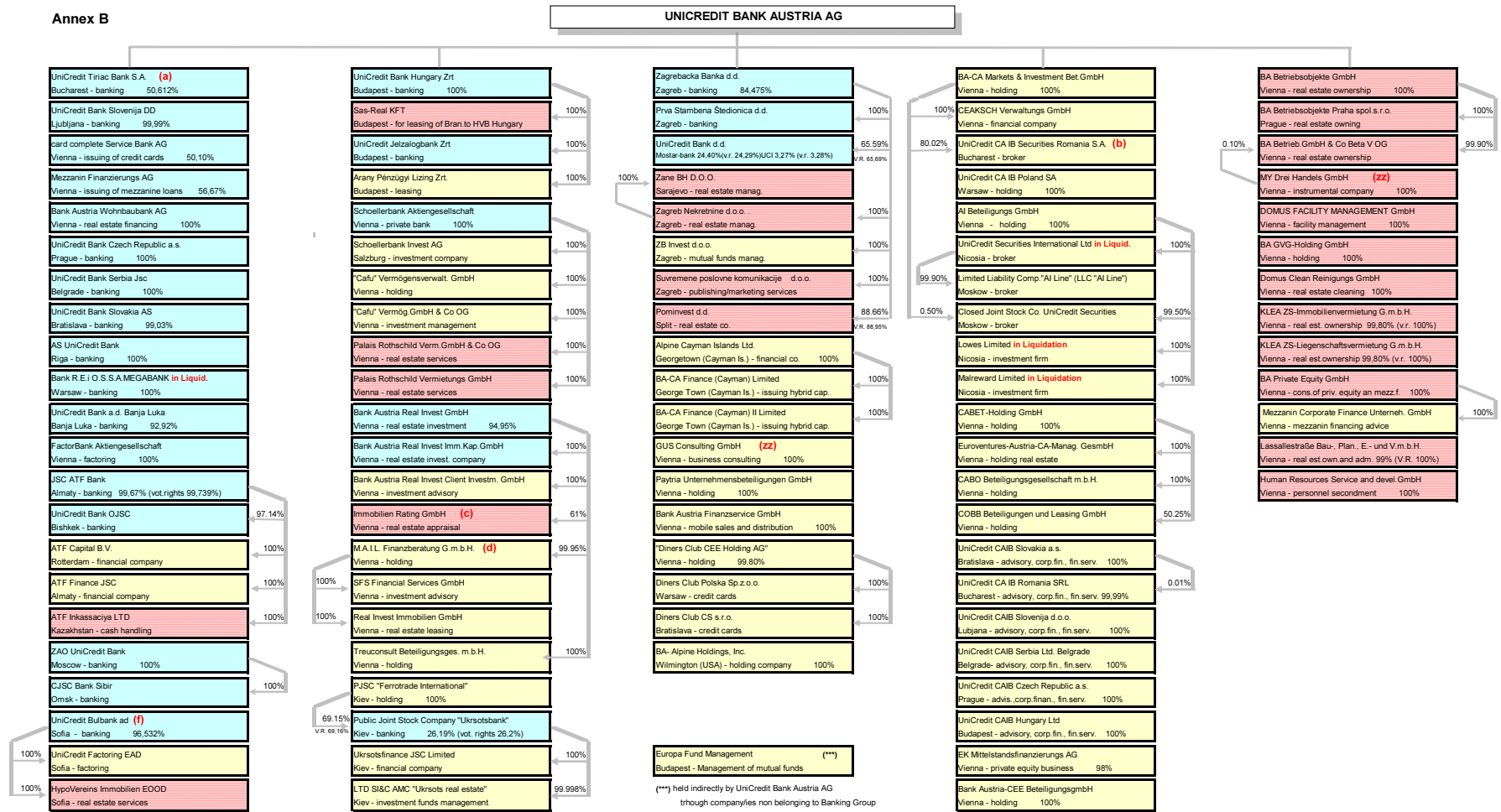


(a) UCB AG has the power to appoint all Members of the Board (b) Voting rights held by UCB AG (33,33%) and by #197 BIL Leasing-Fonds Verwaltungs GmbH (33,33%) (z) to be included in the Banking Group (zz) not operative

Companies belonging to  
the Banking Group

banking
financial
instrumental
Updated June 20 <sup>th</sup> 2012

Annex B



a) % considering shares held by other Companies controlled by BA b) 19,98%, held by UniCredit Tiriak Bank SA (10028) (c) 19% held by BA and 19% held by UniCredit Leasing (Austria) GmbH (6193) (d) 0,05% held by Treuconsult Beteiligungsgesellschaft m.b.H. (81) (f) 0,004% held by UniCredit (z) to be included in the Banking Group (zz) not operative

Companies belonging to  
the Banking Group

banking
financial
instrumental

Updated  
June 20<sup>th</sup> 2012

## STRATEGY OF THE GROUP

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

UniCredit engages in the following main strategic functions:

- managing the Group's business expansion by developing appropriate domestic and international business strategies and overseeing acquisitions, divestitures and restructuring initiatives;
- defining objectives and targets for each area of business and monitoring performance against these benchmarks;
- defining the policies and standards relating to the Group's operations, particularly in the areas of credit management, human resources management, risk management, accounting and auditing;
- managing relations with financial intermediaries, the general public and investors;
- managing selected operating activities directly or through specialised subsidiaries in order to achieve economies of scale, including asset and liability management, funding and treasury activities and the Group's foreign branches; and
- directly managing business operations in Italy from 1 November 2010, following absorption of the Group's Italian banks<sup>3</sup> pursuant to the One for Clients Programme.

Furthermore, UniCredit intends to create value by pursuing the following principal strategic initiatives at the Group level:

- leveraging on its business model based on diversification both geographically and in terms of business;
- further increasing cost efficiency and simplification in Group structure and intra-group services;
- leveraging on global product lines throughout the Group's commercial networks;
- optimising the return on risk-weighted assets, while strengthening the Group's capital ratios, through a highly selective investment policy and a strong focus on risk-monitoring processes;
- strengthening profitability and cost control in Western Europe with a constant and strong commitment to support both families and companies;
- further strengthening the Group's results in Central and Eastern Europe while keeping risks under strict control; and
- greater focus on customers' needs and increased proximity to local markets.

The principal strategic objectives of each of the UniCredit Group's business segments are as follows:

- **Families & SME:** to enable individuals, families, small business customers and small and medium enterprises (SME) to satisfy their financial needs by offering them a complete range of

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<sup>3</sup> UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank, UniCredit Bancassurance Management & Administration.

high quality, reliable products and services at competitive prices. The Families & SME Division's strength stems from several sources, the two main drivers being the expertise of our people and the focus centred on customer satisfaction throughout the organisation. Families & SME is also leveraging on its international geographical presence by providing state of the art cross border business services with dedicated desks to the customers. The Families & SME Division carries out its specialised product offer and cross border marketing functions with the primary objective of achieving a true European Families & SME strategy, based on:

- excellent quality products and services that are reliable and transparent and that meet financing and investment needs, leveraging among other things on specialised product “factories” (e.g. UniCredit Leasing, UniCredit Factoring);
- transnational services with a good quality to price ratio given the value gained;
- satisfaction of customers' needs at the nearest service point and with a differentiated approach according to service model, depending on segment, type of customer and relevant channel;
- greater focus on customer satisfaction at all levels of the Division;
- **Corporate & Investment Banking (CIB):** to support the growth and internationalisation efforts of the UniCredit Group core corporate and institutional clients, leveraging on an unmatched customer proximity and exploiting, by means of its distribution capabilities, the excellence of its product lines and coordinating in a highly synergic manner the origination, execution and management competences of its coverage units and product lines. In particular, CIB's objectives are:
  - to become the point of reference for the corporate clients that operate in the Group core markets, by engineering and distributing high added value standard products and tailor-made solutions, promoting the diffusion of know-how on specialised products and the development of global businesses; and
  - to consolidate its position as a leading European regional specialist in global financial markets and investment banking services, primarily focusing on the countries where the Group is active;
- **Private Banking (PB):** to supply individuals and families with a significant amount of investable assets with superior products and services to help them protect and grow their personal wealth. PB's goal is to remain or become the leading private banking player in all the markets in which it operates through constantly outperforming the markets' average rates of asset growth. The division's strength is based on three key pillars which support its business model:
  - Superior client relations: PB's relationship managers are believed to be among the best of their profession and strive constantly to be close to their clients. PB can leverage on well established networks in Germany, Italy, Austria, Poland and on an international competence centre in Luxembourg;
  - Advanced service model: the division has defined a service model that addresses the needs of the various customer segments – from classic private banking to UHNWI – within the divisional perimeter in a differentiated way. Thus the best possible service approach can be guaranteed in the most efficient way; and
  - Global investment view: PB's financial market specialists leverage on the Group's worldwide presence to identify the key trends that are shaping the financial markets, translating them into independent investment advice and product selection for its clients;

- **Asset Management:** Pioneer Investments has started an organic growth strategic plan which will further enhance the quality of Pioneer Investments' product offering while maintaining focus on delivering an outstanding level of client service. Furthermore, its relationship with UniCredit has been reviewed through a distribution agreement that sets specific requirements in terms of performance and quality of service provided by Pioneer; and
- **Central and Eastern Europe (CEE):** to continue to focus on organic growth while strengthening both risk control and efficiency. In the CEE region, UniCredit relies on the extension of business platforms, know-how and best practices developed within the Group, which, combined with a strong knowledge of local markets, enables UniCredit to offer state of the art products and services to its individual, corporate, private banking and institutional customers. The business platforms of Asset Management, Leasing and Global Transaction Banking reach almost full coverage in the region.

## BUSINESS AREAS

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

### Family & Small Medium Enterprise Division (F&SME)

The F&SME sector consists of five business lines: (i) F&SME Network Italy, (ii) F&SME Network Germany, (iii) F&SME Network Austria, (iv) F&SME Network Poland and (v) F&SME Network Factories. Such business lines aim primarily to satisfy their clients' needs, being their preferred banking partner. With respect to business segments within the F&SME sector, in order to best serve the particular needs of its diverse customers, the Group subdivides its clientele into four sub-segments:

- mass market, which includes clientele with assets of up to €75,000;
- affluent, which includes clientele with assets between €75,000 and €500,000;
- small enterprises, which includes professionals and firms with turnover of up to €5 million; and
- medium enterprises, which includes firms with turnover of up to €50 million (which were previously served by the Corporate & Investment Banking business segment).

In addition, the F&SME Network Factories component of the F&SME sector operates through the following four product and service lines:

- Product Line Consumer Finance, which specialises in consumer credit and supports banking network activities in Italy, Germany, Poland, Romania, Bulgaria and Russia with solutions capable of meeting the multiple financing requirements of families (loans and "revolving" cards);
- Product Line *Leasing*, which is responsible for co-ordinating all activities for the structuring, pricing and marketing of leasing products in the Group with its own distribution network, which supports the Group's banking network in providing corporate financing solutions;
- Product Line *Factoring*, which is responsible for co-ordinating all Group activities related to the provision of factoring services, consisting of extending credit against commercial invoices assigned by customers. Through factoring, companies may obtain access to credit and benefit from a series of additional services, including management, collection and credit insurance; and

- Asset Gathering, which specialises in deposit taking from private retail customers through direct channels and financial advisers. Asset Gathering operates through FinecoBank S.p.A. (**FinecoBank**) in Italy, DAB Bank (**DAB Bank**) in Germany and Direktanlage.at AG (**DAB.at** and together with DAB Bank, the **DAB group**) in Austria, which provide all banking and investment services generally offered by traditional retail banks. These banks differentiate themselves by their focus on technological innovation, mainly through their development of innovative businesses such as online trading. In addition, these banks rely on their own sales network of financial advisors as a means of offering their financial services to its customers.

Among its various activities, the F&SME business segments also act as "factory" for the promotion and management of bancassurance services in all geographic areas, including the countries of the CEE business segment.

### **Corporate & Investment Banking (CIB)**

The CIB division targets UniCredit Group corporate clients (with a turnover in excess of €50 million) and institutional clients in the 22 countries in which the Group operates, and supports such clients in their growth, internationalisation projects and restructuring phases. In addition, the CIB division provides corporate clients with advanced services in connection with their operations in global financial markets and their involvement in investment banking transactions.

The organisational structure of CIB is based on a matrix that distinguishes (i) market coverage (carried out through the Group's country-specific commercial networks (Italy, Germany, Austria and Poland)) and (ii) product offering (divided into three Product Lines that consolidate the breadth of the Group's CIB know-how).

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

The three Product Lines supplement and add value to the activities of the commercial networks and the marketing of the relevant products. The Product Lines are broken down as follows:

- **Financing and Advisory (F&A)**

F&A is the centre for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a broad variety of services ranging from plain vanilla and standardised products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leveraged Buy-Out, Project and Commodity Finance, Real Estate Finance, Shipping Finance and Principal Investments.

- **Markets**

Markets is the centre for all financial markets activities across the UniCredit Group's businesses and serves as the Group's access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralised "product line", it is responsible for the coordination of financial markets-related activities, including the structuring of products such as FX, rates, equities and credit related activities.

- **GTB**

GTB is the centre for cash management and e-banking products, supply chain finance and trade finance products, structured trade & export finance operations and global securities services.

### **Private Banking**

The Private Banking Division provides high net worth individuals with solutions and services to manage their personal wealth. Among others it is catering to the needs of entrepreneurs, top managers and other opinion leaders thus serving some of UniCredit's key clients. Independent advisory leading to advanced solutions, an uncompromising focus on customer value and constantly striving for excellence are the core values of Private Banking.

The Division boasts trustful and lasting relationships with more than 200,000 clients in Italy, Germany, Austria, Luxembourg and Poland, managed by more than 1,200 private bankers located in about 250 branch offices.

### **Asset Management**

Asset Management operates in Italy as well as globally through PGAM, the sub-holding for the business segment. The business segment acts as a centralised product factory for the development of Asset Management in all of the geographic areas in which the Group operates. In addition, the business segment directs, supports and supervises the development of local business at a regional level.

Leveraging on different investment partnerships with third-party financial institutions on an international level, Asset Management offers a wide range of innovative financial products to private and institutional clients, including mutual funds, hedge funds, asset management, institutional investor portfolios and structured products.

Pioneer Investments is focusing on the organic growth plan designed to further enhance the quality of product offering while maintaining focus on delivering an outstanding level of client service. The key initiatives of the plan include: establishing a geographical presence in areas with interesting business opportunities (Korea, Taiwan, Mexico); restructuring investment centers and establishing a new hub in London specializing on Emerging Markets; increasing the range of US mutual funds in order to widen the product offering in the region; boosting the non-captive business through an increase in Third Parties and Institutional distribution channels; streamlining the Operations and ICT functions, with a view to reducing operational complexities and achieving greater efficiencies. As of date of this Base Prospectus, UniCredit has acquired the private client asset management business division from PIM.

### **Central and Eastern Europe (CEE)**

The Group operates, through the CEE business segment, in 18 Central and Eastern Europe countries, including Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine. The CEE business segment operates through approximately 2,800 branches and offers a wide range of products and services to retail, corporate and institutional clients in such countries. BA manages this segment and acts as sub-holding for the banking operations in the CEE countries.

The UniCredit Group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German, Austrian and Polish customers.

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

### **Group Corporate Center**

The Group Corporate Center includes:

- **GBS**

The Global Banking Services division, whose mission is to optimize costs and internal processes to deliver operating excellence and support sustainable growth for the Business Lines, comes within the scope of competence of the COO, whose main areas of responsibility are: ICT, Operations, Workout, Organization, Real Estate, Global Sourcing, Security, HR Management and Identity & Communications.

The division underwent a streamlining process in 2011, effective as of 1 January 2012, consolidating companies and entities dedicated to providing Information & Communication Technology (ICT), Operations, Real Estate, Security and Procurement services.

The new global service provider, called UniCredit Business Integrated Solutions, organizes its work through operating units called Business Lines and Service Lines, and has a workforce of approximately 11,000 in 11 countries; and

- **Corporate Centre**

The Corporate Centre's objective is to guide, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence.

## PERFORMANCE OF THE UNICREDIT GROUP

The following table summarises key financial Group consolidated figures split by business contribution at 31 December 2011. The breakdown of profit and loss figures by business segment given below is in line with the management reporting of Group results at 31 December 2011.

### Consolidated results as at 31 December 2011 (audited)

<b>Euro millions; %</b>	<b>Operating Income</b>	<b>per cent. of Group's Operating Income</b>	<b>Operating Costs</b>	<b>per cent. of Group's Operating Costs</b>	<b>Operating Profit</b>	<b>Profit before taxes</b>
F&SME Network Italy	6,808	27.02%	(4,323)	27.96%	2,485	429
F&SME Network Germany	1,594	6.33%	(1,449)	9.37%	146	79
F&SME Network Austria	1,171	4.65%	(905)	5.85%	266	112
F&SME Network Poland	1,133	4.50%	(685)	4.43%	449	362
F&SME Total Factories	2,056	8.16%	(863)	5.58%	1,193	514
CIB .....	7,657	30.38%	(2,698)	17.45%	4,959	2,493
Private Banking .....	921	3.65%	(563)	3.64%	358	304
Asset Management .....	787	3.12%	(466)	3.01%	321	297
CEE .....	4,719	18.73%	(2,206)	14.27%	2,512	1,447
Corporate Centre (*) .....	(1,646)	(6.53%)	(1,304)	8.43%	(2,949)	(3,977)
<b>Total Consolidated</b>	<b>25,200</b>	<b>100%</b>	<b>(15,460)</b>	<b>100%</b>	<b>9,740</b>	<b>2,060</b>

\* Consolidation adjustments included.

These numbers derive from the condensed income statement by business segment, reclassified as in the interim report on operations.

## LEGAL PROCEEDINGS

UniCredit S.p.A. and other UniCredit Group companies are involved in legal proceedings. From time to time, past and present directors, officers and employees may be involved in civil or criminal proceedings the details of which the UniCredit Group may not lawfully know about or communicate.

The Group is also required to deal appropriately with various legal and regulatory requirements in relation to issues such as conflicts of interest, ethical issues, anti-money laundering laws, US and international sanctions, privacy and information security rules and others. Failure to do so may lead to additional litigation and investigations and subject the Group to damages claims, regulatory fines, other penalties or reputational damage. In addition, one or more Group companies is subject to investigations by the relevant supervisory authority in a number of countries in which it operates. These include investigations relating to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies or its clients.

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

To protect against possible liabilities that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), the UniCredit Group has set aside a provision for risks and charges of €1,496 million as at 31 December 2011. The estimate for reasonably possible liabilities and this provision are based upon currently available information but, given the numerous uncertainties inherent in litigation, involve significant elements of judgment. In some cases it is not possible to form a reliable estimate, for example where proceedings have not yet been initiated or where there are sufficient legal and factual uncertainties to make any estimate purely speculative. Therefore, it is possible that this provision may not be sufficient to entirely meet the legal costs and the fines and penalties that may result from pending legal actions, and the actual costs of resolving pending lawsuits may prove to be substantially higher.

Consequently, it cannot be excluded that an unfavourable outcome of such legal proceedings or such investigations may have a negative impact on the results of the UniCredit Group and/or its financial situation.

Set out below is a summary of information relating to matters involving the UniCredit Group which are not considered groundless or in the ordinary course. Please note that labour law, tax and credit recovery actions are excluded from this section.

## **Madoff**

### *Background*

In March 2009, Bernard L. Madoff (**Madoff**), former chairman of the NASDAQ Exchange and owner of Bernard L. Madoff Investment Securities LLC (**BMIS**), a broker-dealer registered with the Securities Exchange Commission (the **SEC**) and the Financial Industry Regulatory Authority (**FINRA**), pled guilty to crimes, for which he was sentenced to 150 years in prison, that included securities fraud, investment adviser fraud, and providing false information to the SEC in connection with his operation of what has been described as a Ponzi scheme. In December of 2008, shortly after Madoff's arrest, a bankruptcy administrator (the **SIPA Trustee**) for the liquidation of BMIS was appointed in accordance with the U.S. Securities Investor Protection Act of 1970.

Following Madoff's arrest, several criminal and civil suits were filed in various countries against financial institutions and investment advisers by, or on behalf of, investors, intermediaries acting as brokers for investors and public entities in relation to losses incurred.

As at the date of Bernard L. Madoff's arrest, and since mid-2007, the Alternative Investments division of Pioneer (**PAI**), an indirect subsidiary of UniCredit S.p.A., acted as investment manager and/or investment adviser for the Primeo funds (including the Primeo Fund Ltd (now in Official Liquidation), **Primeo**) and various funds-of-funds (**FoFs**), which were non-U.S. funds that had invested in other non-U.S. funds with accounts at BMIS. Pioneer also owned the founder shares of Primeo since 2007. Previously, the investment advisory functions had been performed by BA Worldwide Fund Management Ltd (**BAWFM**), an indirect subsidiary of UniCredit Bank Austria AG (**BA**). For a period of time, BAWFM had previously performed investment advisory functions for Thema International Fund plc, a non-U.S. fund that had an account at BMIS.

UniCredit Bank AG (then HypoVereinsbank) issued tranches of debt securities whose potential yield was calculated based on the yield of a hypothetical structured investment (synthetic investment) in the Primeo funds. Some BA customers purchased shares in Primeo funds that were held in their accounts at BA. BA owned a 25 percent. stake in Bank Medici AG (**Bank Medici**), a defendant in certain proceedings described below. Bank Medici is alleged to be connected, inter alia, to the Herald Fund SPC, a non-U.S. fund that had an account at BMIS.

## *Proceedings in the United States*

### *Purported Class Actions*

UniCredit S.p.A., BA, PAI and Pioneer Global Asset Management S.p.A. (**PGAM**), a UniCredit S.p.A. subsidiary, were named among some 70 defendants in three putative class action lawsuits filed in the United States District Court for the Southern District of New York (the **Southern District**) between January and March 2009, purporting to represent investors in three investment fund groups (the “Herald” funds, “Primeo” and the “Thema” funds) which were invested, either directly or indirectly, in BMIS.

The three cases were later consolidated for pre-trial purposes and in February of 2010 amended complaints were filed in each case. In April of 2011, permission was sought from the Court further to amend each of the three complaints, principally to withdraw certain claims under the United States federal securities laws, and, in one case, to add a claim under the United States Racketeer Influenced and Corrupt Organizations Act (**RICO**), as further described below.

The amended “Herald” complaint claimed on behalf of investors in Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on 10 December 2008, or who invested in those funds from 12 January 2004 to 10 December 2008. It was principally alleged that defendants, including UniCredit S.p.A., BA and Bank Medici breached common law duties by failing to safeguard the claimants’ investment in the face of “red flags” that, it is claimed, should have alerted them to Madoff’s fraud. The plaintiffs also requested the Court’s permission to add claims that defendants, including UniCredit S.p.A., violated RICO by allegedly participating in a plan to enrich themselves by feeding investors’ money into Madoff’s Ponzi scheme.

The plaintiffs alleged that the proposed class lost approximately \$2.0 billion in the Madoff Ponzi scheme, which they sought to recover trebled under RICO.

The amended “Primeo” complaint claimed on behalf of investors in Primeo Select Fund and/or Primeo Executive Fund on 10 December 2008, or who invested in those funds from 12 January 2004 to 12 December 2008. It was principally alleged that the defendants, including UniCredit S.p.A., BA, Bank Medici, BAWFM, PAI and PGAM breached common law duties misrepresenting the monitoring that would be done of Madoff and claimants’ investments and disregarding “red flags” of Madoff’s fraud.

The amended “Thema” complaint claimed on behalf of investors in Thema International Fund plc and/or Thema Fund on 10 December 2008, or who invested in those funds from 12 January 2004 to 14 December 2008. It was principally alleged that defendants, including UniCredit S.p.A., BAWFM and Bank Medici, committed common law torts by, *inter alia*, recklessly or knowingly making or failing to prevent untrue statements of material fact and/or failing to exercise due care in connection with the claimants’ investments in the Thema fund.

In the Herald, Primeo and Thema cases, the plaintiffs sought damages in unspecified amounts (other than under RICO in the case of the Herald complaint, as noted above), interest or lost profits punitive damages, costs and attorneys’ fees, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

On 29 November 2011, the Southern District dismissed at the request of UniCredit S.p.A., PGAM, PAI, BA and other defendants all three purported class action complaints on grounds, with respect to UniCredit S.p.A., PGAM, PAI and BA, that the United States is not the most convenient forum for resolution of plaintiffs’ claims.

On or about 11 January 2012, all three groups of plaintiffs appealed the judgment of the Southern District to the United States Court of Appeals for the Second Circuit (the **Second Circuit**), which appeals are now in progress.

#### *Claims by the SIPA Trustee*

In December of 2010, the SIPA Trustee filed two cases (the **HSBC** and the **Kohn** case, respectively) in the United States Bankruptcy Court in the Southern District of New York against several dozen defendants. Both cases were later removed to the non-bankruptcy federal court in the Southern District at the request of UniCredit S.p.A., PAI and certain other defendants.

In the HSBC case, the SIPA Trustee sought to recover from some 60 defendants, including UniCredit S.p.A., BA, BAWFM, PAI, and Bank Medici seeking amounts to be determined at trial, allegedly representing so-called avoidable transfers to initial transferees of funds from BMIS, subsequent transfers of funds originating from BMIS (in the form of alleged management, performance, advisory, administrative and marketing fees, among other such payments, said to exceed \$400 million in aggregate for all defendants), and compensatory and punitive damages against certain defendants on a joint and several basis, including the five abovementioned, alleged to be in excess of \$2 billion. In addition to avoidable transfers, the SIPA Trustee sought to recover in the HSBC action unspecified amounts (said to exceed several billion dollars) for common law claims of unjust enrichment, aiding and abetting BMIS's breach of fiduciary duty and BMIS's fraud and contribution. However, on 28 July 2011, the Southern District Court dismissed, at the request of UniCredit S.p.A., PAI, BA and certain other defendants the common law claims for aiding and abetting Madoff's fraud and breach of fiduciary duty, for unjust enrichment and for contribution. The SIPA Trustee has appealed the Southern District's order finalizing the dismissal of those claims to the Second Circuit. Certain claims brought by the SIPA Trustee which were not addressed in the motion to dismiss remain pending in the bankruptcy court.

On 22 March 2012 UniCredit S.p.A., BA and PAI requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court on 28 July 2011 to dismiss the common law claims.

In the Kohn case, the SIPA Trustee seeks to recover from more than 70 defendants, including UniCredit S.p.A., BA, PGAM, BAWFM, Bank Medici, Bank Austria Cayman Islands, and several persons affiliated with UniCredit S.p.A. and BA, unspecified avoidable transfers from BA as an initial transferee from BMIS and as from UniCredit S.p.A., BA and other UniCredit S.p.A.-affiliated defendants as subsequent transferees of funds likewise originating from BMIS. The complaint further asserts common law claims, including unjust enrichment and conversion, as well as violations of the RICO statute as the alleged result of the defendants' directing investors' money into Madoff's Ponzi scheme. The SIPA Trustee seeks treble damages under RICO (three times the reported net \$19.6 billion losses allegedly suffered by all BMIS investors), alleged retrocession fees, management fees, custodial fees, compensatory, exemplary and punitive damages and costs of suit as against the defendants on a joint and several basis.

UniCredit S.p.A., BA, PGAM and Alessandro Profumo (former CEO of UniCredit S.p.A.) moved to dismiss the common law and RICO claims on 25 July 2011. On 21 February 2012, the District Court dismissed the RICO and common law claims asserted in the Kohn action, and returned to the Bankruptcy Court the remaining avoidance claims. On 21 March 2012, the SIPA Trustee filed a notice of appeal to the Second Circuit of the decision. He procedurally withdrew that appeal on 10 April 2012, subject to potential reinstatement at any party's request within one year.

On 22 March 2012 UniCredit S.p.A., BA and PGAM requested that the District Court withdraw the reference from the Bankruptcy Court in respect of the claims that the District Court had returned to the Bankruptcy Court following the decision by the District Court to dismiss the RICO and common

law claims, as noted above. UniCredit S.p.A. and its affiliated defendants intend to continue defending these proceedings vigorously.

#### *Proceedings Outside the United States*

On 22 July 2011, the Joint Official Liquidators of Primeo (the **Primeo Liquidators**) issued a writ of summons against PAI in the Grand Court of the Cayman Islands, Financial Services Division. In that claim the Primeo Liquidators allege that PAI is liable under the terms of an investment advisory agreement between Primeo and PAI as a result of alleged breaches of duties by PAI and also as a result of alleged acts and omissions by BMIS for which PAI is alleged to be vicariously liable. The Primeo Liquidators also allege that fees paid to PAI were paid under a mistake of fact and claim restitution from PAI of those fees. In aggregate, the Primeo Liquidators claim approximately \$262 million plus additional unquantified damages, as well as interest and costs.

Numerous civil proceedings have been initiated in Austria by numerous investors related to Madoff's fraud in which BA, among others, was named as a defendant. In one proceeding, Pioneer Investments Austria GmbH (**PIA**) has also been named as a defendant. In a separate proceeding, PAI and "BA Worldwide Limited" have been named as defendants (in addition to BA). The plaintiffs invested in funds that, in turn, invested directly or indirectly with BMIS. No final judgments handed down thus far have been against BA, PIA, PAI or BA Worldwide Limited. Four interim judgments were handed down in favour of the plaintiffs against BA. In one of those cases the claim has been withdrawn. In the second case the court of second instance has confirmed the decision and BA will appeal to the Supreme Court. The third and fourth cases also will be appealed by BA. With respect to these cases which are subject to an appeal, no estimate can be made as to their potential outcomes nor the effect, if any, which those appeal decisions may have on other cases pending against BA.

In respect of the Austrian civil proceedings pending as against BA, which relates to Madoff's fraud, BA has made provisions for an amount considered appropriate to the current risk.

A criminal investigation is ongoing in Austria in relation to the Madoff case. This investigation, which includes BA as well as other persons, was initiated by a complaint filed by the FMA (the Austrian Financial Market Authority) to the Austrian prosecutor.

Subsequently complaints were filed by purported investors in funds which were invested, either directly or indirectly with BMIS. These complaints allege, amongst other things, that BA breached provisions of the Austrian Investment Fund Act as prospectus controller of Primeo. This investigation is still at an early stage and no indictments have been issued.

Legal proceedings were brought in Germany against UniCredit Bank AG regarding synthetic debt securities issued by UniCredit Bank AG and connected to Primeo. One of these lawsuits has since been abandoned by the plaintiff, the one remaining lawsuit was rejected in its entirety by the Munich Regional Court. A new lawsuit has since been commenced against UniCredit Bank AG. This new lawsuit also relates to the synthetic debt securities issued by UniCredit Bank AG that are connected to Primeo.

A Chilean investor in synthetic debt securities connected to Primeo has filed a complaint with the Chilean prosecutor. The case is at an investigative phase only. No indictments have been issued. Testimony has been taken from employees or former employees of UniCredit S.p.A. or its affiliates.

#### *Subpoenas and Investigations*

UniCredit S.p.A. and several of its subsidiaries have received subpoenas orders and requests to produce information and documents from the SEC, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Financial Market Authority, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Madoff's

fraud. Similar such subpoenas, orders and requests may be received in the future by UniCredit S.p.A. its affiliates, and some of their employees or former employees, in the foregoing markets or in places where proceedings related to Madoff investments are pending from time to time.

#### *Certain Potential Consequences*

In addition to the foregoing proceedings stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional Madoff-related actions have been threatened and are in the process of being and may be filed in the future in the said countries or in other countries by private investors or local authorities. The pending or future actions may have negative consequences for the UniCredit Group.

UniCredit S.p.A. and its subsidiaries intend to defend themselves vigorously against the Madoff-related claims and charges.

Save as described above, for the time being it is not possible to estimate reliably the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, and save as described above, in compliance with international accounting standards, no provisions have been made for specific risks associated with Madoff disputes.

#### **Proceedings Related to and Arising out of the Purchase of HVB by UniCredit - Damages Claims**

On 27 June 2007, the HVB annual Shareholders' Meeting passed a resolution to claim damages against UniCredit S.p.A., its legal representatives, and (former) members of HVB's management board and supervisory board, alleging damage to HVB due to the sale of its shareholding in Bank Austria and the Business Combination Agreement (**BCA**) entered into with UniCredit S.p.A. during the integration process. A Special Representative (the **Special Representative**) was appointed to take this forward. Although a shareholder, UniCredit S.p.A. was prohibited from voting at the meeting.

On 20 February 2008, the Special Representative filed a claim against UniCredit S.p.A. and others, requiring the return of the shares in BA to HVB along with compensation to HVB for any additional losses suffered and, in the alternative, €13.9 billion in damages. The claim was subsequently amended to include an additional amount of €2.98 billion (plus interest) in addition to any damage that may have resulted from the capital increase resolved by HVB in April 2007 in the context of contributing of the allegedly overvalued banking business of the former UBM to HVB.

The Special Representative has now been removed and no longer has the authority to take forward these claims. The claims have not been formally removed as yet and a decision will be taken by HVB on next steps.

#### **Cirio**

In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) served notice on Sergio Cagnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A. (now UniCredit S.p.A.), of a petition to declare invalid an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. (**Parmalat**). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. jointly refund €168 million and that all defendants jointly pay damages of €474 million. In the alternative, it sought the revocation of the settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of "undue profiteering".

Despite no preliminary investigation being conducted, in February 2008, the Court ordered Capitalia S.p.A. (currently UniCredit S.p.A.) and Sergio Cagnotti to pay €223.3 million plus currency

appreciation and interest from 1999. UniCredit appealed the decision. It also requested a stay of execution of the lower court's judgment, which was successfully obtained in January 2009. The next hearing is scheduled on 11 November 2014.

Provisions have been made for an amount considered appropriate to the current risk of the proceedings.

\*\*\*\*\*

In April 2007, certain Cirio group companies in extraordinary administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UBM (now UniCredit S.p.A.) and other banks for compensation for damage resulting from their role as arrangers of bond issues by Cirio group companies, although, according to the claimants, they were already insolvent at the time. Damages were quantified as follows:

- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of €421.6 million to €2.082 billion (depending upon the criteria applied);
- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of €9.8 million;
- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.), for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Cirio group companies, plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of 3 November 2009 the judge denied the claimants' claim that the companies of the Cirio group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks.

The extraordinary administration has appealed against the ruling and the hearing for the conclusions is set for 27 January 2016.

UniCredit S.p.A. believes the action to be groundless. Accordingly, no provisions have been made.

## **Merckle**

In February 2012 two customers belonging to the same group of companies have filed claims against UCB AG with a total amount in dispute of € 491.4 million (plus interest). The dispute results from the termination of their repo-transactions with UCB AG. The claimants assert that the compensation paid by UCB AG to the clients following the clients' default was insufficient. The bank intends to defend itself against said claims.

## **Qui Tam Complaint Against Vanderbilt LLC and other UniCredit Group Companies**

On 14 July 2008, claimants Frank Foy and his wife filed a complaint on behalf of the State of New Mexico (**Qui Tam Statute**) seeking recovery of false claims for payment made upon the State in relation to certain investments made by the New Mexico Educational Retirement Board (**ERB**) and the State of New Mexico Investment Council (**SIC**) in Vanderbilt Financial LLC (**VF**), an indirect UniCredit S.p.A. investee company. The complaint states that Frank Foy was the Chief Investment Officer of ERB and that he submitted his resignation in March 2008.

The claimants have standing to sue on behalf of the State of New Mexico under the State qui tam statute, the New Mexico Fraud Against Taxpayers Act (**FATA**) and seek compensation for damages in an amount of \$ 360 million. The claimants assert that the Vanderbilt VF defendants (see below) and the other defendants persuaded ERB and SIC to invest \$90 million in Vanderbilt products (i) by knowingly providing false information on the nature and risk level of the VF investment and (ii) by guaranteeing improper contributions to the Governor of the State of New Mexico, Bill Richardson, and other State officials, to convince them to make the investment. In addition to the entire initial investment of \$90 million (as consequential damages), Foy requests an additional \$30 million for loss of profit.

Defendants include – *inter alia* – the following:

- Pioneer Investment Management USA Inc. (**PIM US**), a wholly-owned subsidiary of PGAM;
- Vanderbilt Capital Advisors, LLC (**VCA**), a wholly-owned indirect subsidiary of PIM US;
- Vanderbilt Financial, LLC (**VF**), a special purpose vehicle in which PIM US has an 8 per cent. holding (VF has since been liquidated);
- PGAM, a wholly-owned subsidiary of UniCredit S.p.A.;
- UniCredit S.p.A.;
- various directors and officers of VCA, VF and PIM US;
- law firms, external auditors, investment banks and State of New Mexico officials.

At present, an assessment on the economic impact that may result from the proceedings is premature and thus no provisions have been made.

The complaint was originally served on the American companies, including VCA, PIM US (both part of UniCredit Group) and VF, and the natural persons called as defendants.

On 24 September 2009 UniCredit S.p.A. and on 17 December 2009 PGAM were also served. All the defendants filed motions to dismiss on procedural and substantive grounds.

On 8 March 2010, the Foys filed a purported amended complaint seeking to add one additional claimant, several additional defendants, and over 50 additional claims. Foy also sought to put in issue other Vanderbilt CDOs in which the State of New Mexico public funds invested and which increased the claimed losses from \$90 million to \$243.5 million. The defendants have challenged whether the amended complaint was properly filed, and on 26 March 2010, the court ruled that it will not consider the amended complaint, and the defendants need not respond to it, until after the court has addressed the previously submitted motions to dismiss the original complaint.

On 28 April 2010, Judge Pfeffer issued an order dismissing all of the claims brought by the original complaint. The Judge had already expressed concerns that retroactive application of the New Mexico Qui Tam Statute (**FATA**) would violate prohibitions against constitutional ex post facto protections, and this was the basis for his ruling dismissing all the FATA claims. The Judge also dismissed Foy's claims under the state Unfair Practices Act (**UPA**) on grounds that claims were based on securities transactions not within the scope of the protections offered by the UPA.

In May 2010, Foy filed a package of seven motions requesting Judge Pfeffer to reconsider the dismissal on various grounds and, alternatively, requesting him to certify the legal question regarding the retroactive application of FATA for an interlocutory appeal to the New Mexico State Appeals

Court. The Vanderbilt defendants and the other defendants filed oppositions to all of these motions, and asked the Court to strike the amended complaint and dispose of the entire case. On 2 September 2010, Judge Pfeffer issued his decisions. He certified the legal question for interlocutory appeal, but ordered the claimant to strip the amended complaint of all allegations that were inconsistent with his rulings that FATA could not be applied retroactively and that no claims survived under the UPA.

Foy filed a request for interlocutory review with the New Mexico Court of Appeals on 16 September 2010 and the revisions to the amended complaint with the lower court on 17 September 2010. The defendants opposed the request for interlocutory appeal. On 21 October 2010, the New Mexico Court of Appeals refused Foy's request for an interlocutory appeal. On 7 February 2011, the court ruled that Foy could proceed with the amended complaint to the extent it challenged conduct occurring after FATA's effective date. On 31 March 2011, all of the Group defendants filed motions to dismiss the remaining claims, and the individual defendants, PGAM and UniCredit S.p.A., also filed renewed motions to dismiss based on lack of personal jurisdiction.

On 6 May 2011, the Attorney General of the State of New Mexico exercised its right to intervene in a *qui tam* case brought under FATA and moved to dismiss all of the claims in the Foy litigation, alleging that the SIC had made investments following improper contributions to state officials the "pay to play" claims. Foy opposed the AG's action. The Group defendants took no position on the AG's motion, which, even if successful, would leave intact most of the surviving claims against them. Judge Pfeffer ruled in the Attorney General's favour and an order granting partial dismissal was issued.

On or around 30 August 2011, a related development occurred in a second lawsuit brought by Foy under FATA against a different group of financial services companies, *Foy v. Austin Capital Management (Austin)*. The Austin court had followed Judge Pfeffer in refusing to apply FATA retroactively, but while the NM Court of Appeals had refused to review that decision in Foy, it agreed to hear the issue on appeal in Austin. A decision is not expected for many months, but when issued, it will apply to Foy as well.

On 4 October 2011, Judge Pfeffer issued a series of identical orders deferring decision on the various defendants' personal jurisdiction motions and permitting discovery to go forward on facts relevant to those motions. The parties have begun discussions aimed at clarifying the scope and timing of permitted discovery.

In January 2010, a purported class or derivative action entitled *Donna J. Hill vs. Vanderbilt Capital Advisors, LLC* was filed in the state court in Santa Fe, New Mexico. the lead claimant, a beneficiary of the New Mexico Educational Retirement Fund (the **Fund**), seeks to recover on behalf of the Fund or its plan participants the money that the Fund lost on its investment in Vanderbilt Financial, LLC (**VF**).

In February 2010, a parallel case by another plan participant, entitled *Michael J. Hammes vs. Vanderbilt Capital Advisors, LLC* was filed in the same court making virtually identical allegations. The Hill and Hammes cases make factual allegations similar to those asserted in the Foy case, but they bring their claims under common law theories of fraud, breach of fiduciary duty (against the Educational Retirement Board (**ERB**) members), and aiding and abetting breaches of duty by those board members.

The Hill and Hammes cases originally named VCA, VF, PIM US and various current or former officers and directors of VCA, VF and/or PIM, several current or former ERB board members and other parties unconnected to Vanderbilt. Neither PGAM nor UniCredit were named as defendants in these cases. In February 2010, the Hill case was removed by one of the ERB board member defendants to the United States District Court for the District of New Mexico. Subsequently, the deadline for defendants to respond was indefinitely extended in the Hammes case by agreement of the parties. Hammes remains in state court. In addition, the Hill claimants agreed to dismiss from the

case, without prejudice (so reinstatement is possible), PIM US and the individual officers named as defendants. Neither the Hill nor Hammes complaint specifies the amount of damages claimed, but the total invested by the ERB in VF was USD 40 million; moreover this amount is subsumed within the damages claimed in the Foy lawsuit. On 31 August 2010 the Vanderbilt defendants filed a motion to dismiss all of the claims in Hill. Claimants opposed the motion, and a hearing was held in New Mexico federal district court on 29 October 2010. Some months later, plaintiffs informed the court that the ERB Board had met and determined not to enter the case.

After requesting and obtaining updates from the Vanderbilt defendants regarding the progress in Foy, on 30 September 2011, the Hill court issued a lengthy opinion dismissing the federal court case for lack of subject matter jurisdiction and remanding it to New Mexico state court. The opinion contains a detailed, negative commentary on the plaintiffs' standing to bring suit, but does not rule on the issue. The Hill plaintiffs are appealing the lower court's decision.

### **Divania S.r.l.**

In 2007, Divania S.r.l. (now in bankruptcy) filed a suit in the Court of Bari, Italy, against UniCredit Banca d'Impresa S.p.A. (then redenominated UniCredit Corporate Banking S.p.A. and, following the implementation of the One4C project, now merged into UniCredit S.p.A.) alleging violations of law and regulation in relation to certain rate and currency derivative transactions created between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.).

The petition requests that the contracts be declared non-existent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.) pay the claimant a total of €276.6 million as well as legal fees and interest. It also seeks the nullification of a settlement the parties reached in 2005 under which Divania S.r.l. had agreed to waive any claims in respect of the transactions.

UniCredit S.p.A. rejects Divania S.r.l.'s demands. Without prejudice to its rejection of liability, it maintains that the amount claimed has been calculated by aggregating all the debits made (for an amount much larger than the actual amount), without taking into account the credits received that significantly reduce the claimant's demands.

In April 2010 the report of the Court named expert witness submitted a report which broadly confirms UniCredit's position, stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the claimant, be judged unlawful and thus null and void). The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate).

UniCredit S.p.A. has made a provision for an amount consistent with the lawsuit risk.

Another two lawsuits have also been filed by Divania, one for €68.9 million (which was subsequently increased up to Euro 80.5 million ex article 183 of the Italian Code of Civil Procedure) and the second for €1.6 million. Both are considered to be groundless and therefore no provisions have been made.

Due to Divania S.r.l.'s bankruptcy, which was declared in June 2011, all these proceedings were stayed. In November 2011 proceedings resumed with respect to the claim for Euro 68.9 million (Euro 80.5).

### **Acquisition of Cerruti Holding Company S.p.A. by Fin.Part S.p.A.**

At the beginning of August 2008, the trustee in bankruptcy of Fin.Part S.p.A. (**Fin.Part**) brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A. (now UniCredit S.p.A.), UniCredit

Corporate Banking S.p.A. (now UniCredit S.p.A.) and one other bank not belonging to the UniCredit group for contractual and tortious liability.

Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for damage allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (**Cerruti**) by Fin.Part.

The claimant alleges that the financial obligations arising out of the Cerruti acquisition financing brought about Fin.Part's bankruptcy and that the banks therefore acted unlawfully.

The claim is for €211 million plus all fees, commissions and interest earned in connection with the allegedly unlawful activities. On 23 December 2008 the trustee in bankruptcy of C Finance S.A. intervened in the case. It maintains that C Finance S.A. was insolvent at the time of its establishment because of the transfer of bond loan income to Fin.Part obtaining in exchange for valueless assets and that it was the banks and their executives, in devising and executing the transaction, who contributed in causing C Finance S.A. to become insolvent. Accordingly, it seeks damages as follows: a) the total bankruptcy liabilities (€308.1 million); or, alternatively, b) the amounts disbursed by C Finance S.A. to Fin.Part and Fin.Part International (€193 million); or, alternatively, c) the amount collected by UniCredit S.p.A. (€123.4 million).

The banks are also requested to pay damages for the amounts collected (equivalent to €123.4 million, plus €1.1 million in fees and commissions) for the alleged invalidity and illegality of the transaction in question and the payment of Fin.Part's debts to UniCredit S.p.A. using the proceeds from the C Finance S.A. bond issue. In addition, the claimant alleges that the transaction was a means for evading Italian law regarding limits and procedures for bond issues.

In January 2009, the judge rejected a writ of attachment against the defendant not belonging to UniCredit group.

In addition, on 2 October 2009, the receivership of Fin.Part subpoenaed in the Court of Milan UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), in order that (i) the invalidity of the "payment" of €46 million made in September 2001 by Fin.Part to the former Credito Italiano be recognised and consequently, (ii) the defendant be sentenced to return such amount in that it relates to an exposure granted by the bank as part of the complex financial transaction under dispute in the prior proceedings.

At the hearing held on 21 February 2012, the two lawsuits were joined, the conclusions were filed and the Court named an expert witness.

UniCredit S.p.A., on the basis, inter alia, of the information supplied by their legal counsel, believes the claims are groundless and/or lacking in an evidentiary basis. Provisions have been made for an amount considered adequate to cover the costs. **Valauret S.A.**

In 2001, Valauret S.A. and Hughes de Lasteyrie du Saillant bought shares in the French company Rhodia S.A. They filed a civil claim in 2004 for losses resulting from the drop in the Rhodia S.A. share price between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of the company's board of directors and others.

BA (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 on the basis that Creditanstalt was banker to one of the defendants.

Valauret S.A. is seeking damages of €129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant damages of €4.39 million.

In 2006, before the action was extended to BA, the civil proceedings were stayed following the opening of criminal proceedings by the French State that are on going. In December 2008, the civil proceedings were also stayed against BA.

In BA's opinion, the claim is groundless and no provisions have been made.

### **Treuhandanstalt**

BA has joined in litigation in Switzerland in support of the defendant AKB Privatbank Zürich AG (formerly known as BA (Schweiz) AG and then a subsidiary of BA) in a suit brought by Bundesanstalt für vereinigungsbedingte Sonderaufgaben (**BvS**). BvS is one of the successors of the former Treuhandanstalt a German public body responsible for managing the assets of the former East Germany.

BvS claims that BA's former subsidiary is liable for the unauthorised transfer of funds from the accounts of two former East German companies by their former CEO in the early 1990s. BvS claims damages of approximately €128 million, plus interest dating back to 1992, plus costs.

On 25 June 2008, the Zurich District Court in large part rejected BvS's claim. Both parties appealed the judgment. On 25 March 2010, the Court of Appeal of Zurich (*Obergericht*) granted BvS's appeal and ordered BA and its former subsidiary to pay approximately €230 million (calculated as of 30 March 2010).

BA and its former subsidiary filed an appeal before the Court of Cassation of the Zurich Canton and also requested, *inter alia*, a stay of execution. The stay was granted on 14 May 2010. On 30 November 2011, the Court of Cassation granting the appeal of BA, quashed the decision of the Court of Appeal of Zurich (*Obergericht*) of 25 March 2010 and remitted the matter back to the Court of Appeal of Zurich (*Obergericht*) for a new decision. On 20 March 2012 (decision served on 23 March 2012) the Court of Appeal again granted the appeal of BvS and ordered BA's former subsidiary – which Bank Austria is obliged to indemnify – to pay approximately EUR 247 million (including accrued interest and costs calculated as at 23 March 2012). BA is appealing against this judgment before the Swiss Federal Court.

On 1 February 2011, BA filed an application for the revision of the judgment of the Court of Appeal of Zurich (based on new facts in order to obtain the dismissal of BvS's claim and, in alternative, to reduce the amount claimed) with the Court of Appeal of Zurich. The Court has stayed this proceeding pending any final decision on the merits.

BA's former subsidiary is also taking steps in respect of the disputed matters against BvS in Germany. This includes filing claims against BvS in the German Courts.

A provision has been made for an amount consistent with the currently estimated risk of the lawsuit.

### **Association of Small Shareholders of NAMA d.d. in bankruptcy; Slobodni sindiKat**

Zagrebacka banka (**ZABA**) is being sued before the Zagreb Municipal Court by two parties: (i) the association of small shareholders of NAMA d.d. in bankruptcy; and (ii) Slobodni SindiKat. It is said that ZABA violated the rights of NAMA d.d., as minority shareholder of ZABA until 1994 by, *inter alia*, not distributing to NAMA d.d. profits in the form of ZABA shares.

The claimants seek shares in compensation or, alternatively, damages of approximately €124 million.

ZABA maintains that the claimants do not have legal standing in that they have never been ZABA shareholders, nor the holders of the rights allegedly violated.

On 16 November 2009, the judge rejected the claimants' claim, without dealing with the merits, on the basis that the claimants did not have standing. The decision has been appealed

No provisions have been made.

### **GBS S.p.A.**

At the beginning of February 2008, General Broker Service S.p.A. (**GBS S.p.A.**) initiated arbitration proceedings against UniCredit S.p.A. for the alleged unlawful behaviour of the Bank with regards to the insurance brokerage relationship allegedly deriving from the exclusive agreement signed in 1991.

In a decision issued on 18 November 2009, UniCredit S.p.A. was ordered to pay GBS S.p.A. €144 million, as well as legal costs and the costs of an expert's report. UniCredit S.p.A. determined that the decision ordered by the arbitrator was unsound and groundless, and has lodged an appeal together with a request for a stay of execution.

On 8 July 2010 the Court granted a stay of execution in respect of amounts exceeding €10 million. UniCredit S.p.A. paid such amount in favour of GBS S.p.A., pending the outcome of the appeal. The next hearing is scheduled for 5 November 2013.

A provision has been made for an amount consistent with what currently appears to be the potential risk resulting from the award issued.

### **ADDITIONAL RELEVANT INFORMATION**

The following section sets out further pending proceedings against UniCredit S.p.A. and other companies of the UniCredit Group that UniCredit considers relevant and which, at present, are not characterised by known economic demand or for which the economic request cannot be quantified.

#### **Proceedings arising out of the purchase of HVB by UniCredit S.p.A. and the group reorganisation**

##### **Voidance action challenging the transfer of shares of Bank Austria Creditanstalt AG (BA) held by HVB to UniCredit S.p.A. (Shareholders' Resolution of 25 October 2006)**

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting of 25 October 2006 approving various Sale and Purchase Agreements (SPA) transferring the shares held by HVB in BA and in HVB Bank Ukraine to UniCredit S.p.A. and the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA and the transfer of the Vilnius and Tallin branches to AS UniCredit Bank Riga, asking the Court to declare these resolutions null and void. The actions are based on purported defects in the formalities relating to the calling for and conduct of the Extraordinary Shareholders' Meeting held on 25 October 2006, and on the allegation that the sale price for the shares was too low. In the course of this proceeding, certain shareholders asked the Regional Court of Munich to state that the BCA, entered into between HVB and UniCredit S.p.A., should be regarded as a *de facto* domination agreement.

In the judgment of 31 January 2008, the Court declared the resolutions passed at the Extraordinary Shareholders' Meeting of 25 October 2006 to be null and void for formal reasons. The Court did not express an opinion on the issue of the alleged inadequacy of the purchase price but expressed the opinion that the BCA entered into between UniCredit S.p.A. and HVB in June 2005 should have been submitted to HVB's Shareholders' Meeting as it represented a "concealed" domination agreement.

HVB filed an appeal against this judgment since it is believed that the provisions of the BCA would not actually be material with respect to the purchase and sale agreements submitted to the

Extraordinary Shareholders' Meeting of 25 October 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

The HVB shareholder resolution could only become null and void when the Court's decision becomes final.

Moreover, it should be noted that, in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the Shareholders' Meeting held on 29 and 30 July 2008 to reconfirm the resolutions that were passed by the Extraordinary Shareholders' Meeting of 25 October 2006 and which were contested (so-called Confirmatory Resolutions). If these Confirmatory Resolutions became final and binding, they would make the alleged improprieties in the initial resolutions irrelevant.

The Shareholders' Meeting approved these Confirmatory Resolutions, which, however, were in turn challenged by several shareholders in August 2008. In February 2009, an additional resolution was adopted that confirmed the adopted resolutions.

In the judgment of 10 December 2009, the Court rejected the voidance action against the first Confirmatory Resolutions adopted on 29 and 30 July 2008. Appeals filed by several former shareholders against this judgment were rejected by Higher Regional Court (*Oberlandesgericht*) of Munich on 22 December 2010. The case is now pending before the German Federal Supreme Court (*Bundesgerichtshof*). A final judgment has not yet been issued.

In light of the above events, the appeal proceedings initiated by HVB against the judgment of 31 January 2008 were suspended until a final judgment is issued in relation to the Confirmatory Resolutions adopted by HVB's Shareholders' Meeting of 29 and 30 July 2008.

### **Squeeze-out of HVB minority shareholders (Appraisal Proceedings)**

Approximately 300 former minority shareholders of HVB filed a request to have a review of the price obtained in the squeeze-out (**Appraisal Proceedings**). The dispute mainly concerns profiles regarding the valuation of HVB. The first hearing took place on 15 April 2010. The proceedings are still pending and are expected to last for a number of years.

### **Squeeze-out of Bank Austria's minority shareholders**

After a settlement was reached on all legal challenges to the squeeze-out in Austria, the resolution passed by the BA shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders" holding the registered shares in BA) was recorded in the Vienna Commercial Register on 21 May 2008 and UniCredit S.p.A. became the owner of 99.995 per cent. of BA's share capital.

The minority shareholders received the squeeze-out payment of approximately €1,045 million including the related interest.

Several shareholders then initiated proceedings before the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).

At present the proceedings are pending before the Commercial Court of Vienna which appointed a panel, the so called **Gremium**, to investigate the facts of the case in order to review the adequacy of the cash compensation. This expert, employing six different methods, determined that adequate

compensation would have been in a range from an amount lower than that actually paid by UniCredit S.p.A. and an amount that is Euro 10 per share higher than that amount. UniCredit, considering the nature of the valuation methods employed, still believes that the amount paid to the minority shareholders was adequate. Nevertheless, it is not possible to predict how the Gremium will decide upon concluding its investigation.

Should the parties fail to reach an agreement, the Commercial Court will issue a decision, which could result in UniCredit having to pay a greater cash compensation.

In addition to the Court and the Gremium proceedings, a minority shareholder has initiated a parallel arbitration procedure before an arbitral tribunal. If the outcome of the arbitration is unfavourable for UniCredit S.p.A., it is possible that the Group could be negatively impacted.

### **Cirio and Parmalat criminal proceedings**

Between the end of 2003 and the beginning of 2004, criminal investigations of some former Capitalia group (now UniCredit Group) officers and managers were conducted in relation to the insolvency of the Cirio group. This resulted in certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.) being committed to trial.

Cirio S.p.A.'s extraordinary administration and several bondholders joined the criminal proceedings as civil complainants without quantifying the damages claimed. UniCredit S.p.A., also as the universal successor of UniCredit Banca di Roma S.p.A., was cited as "legally liable".

On 23 December 2010, UniCredit S.p.A. – without any admission of responsibility – proposed a settlement to approximately 2,000 bondholders.

In March 2011, Cirio S.p.A.'s extraordinary administration filed its conclusions against all defendants and against UniCredit S.p.A. as "legally liable" – all the defendants jointly and severally – requesting damages in an amount of €1.9 billion. UniCredit S.p.A. believes the request is groundless both in fact and law and the officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

Negotiations aimed at settling all Cirio related matters in their entirety have to date proved unsuccessful and, on 4 July 2011 the Court of Rome ordered UniCredit, together with the individuals involved, to pay the extraordinary administration €200 million as a provisional payment. The reasons for the Court's decision are yet to be released. An appeal will be considered once the reasons are known.

With regard to the insolvency of the Parmalat group, from the end of 2003 to the end of 2005, investigations were conducted against certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.), who had been committed for trial within the scope of three distinct criminal proceedings known as "Ciappazzi", "Parmatour" and "Eurolat".

Companies of the Parmalat group in extraordinary administration and numerous Parmalat bondholders are the claimants in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials.

In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit Group have been cited as legally liable. Upon execution of the settlement of 1 August 2008 between UniCredit Group and Parmalat S.p.A., and as Parmalat group companies are in extraordinary administration, all civil charges were either waived or revoked.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

On 11 June 2010, UniCredit S.p.A. reached an agreement with the Association of Parmalat Bondholders of the Sanpaolo IMI group (the **Association**) aimed at settling, without any admission of responsibility, the civil claims brought against certain banks of the UniCredit Group by the approximately 32,000 Parmalat bondholders who are members of the Association. In October 2010 that agreement has been extended to the other bondholders who had joined the criminal proceedings as civil complainants (approximately 5,000).

On 4 October 2011 UniCredit S.p.A. reached a settlement agreement with the trustee of Cosal S.r.l.

On 29 November 2011 (Parmalat) and on 20 December 2011 (Parmatour) the Court of Parma issued a judgment ordering UniCredit, severally with other involved parties, a provisional payment, in favor of the bondholders and shareholders of Parmalat and Parmatour – civil complainants in the criminal proceedings – in an amount equal to 4 per cent. of the nominal value of the securities owned.

Taking into account the above mentioned transactions with bondholders in 2010, these decisions apply only to a limited number of investors.

For the Parmalat and Cirio cases provisions have been made for an amount consistent with what currently appears to be the potential risk of liability for UniCredit S.p.A. as legally liable.

### **Medienfonds**

Various customers bought shares in VIP Medienfonds 4 GmbH & Co. KG (**Medienfonds**). HVB did not sell shares in the fund, but granted loans to all private investors for a part of the amount invested in the fund; moreover, to collateralise the fund, HVB assumed specific payment obligations of certain film distributors with respect to the fund.

When certain expected tax benefits associated with this type of investment were revoked, many investors brought various kinds of legal proceedings against HVB and others. The investors argue that HVB did not disclose to them the risks of the tax treatment being revoked and assert that HVB, together with other parties, including the promoter of the fund, is responsible for the alleged errors in the prospectus used to market the fund. Additionally, some plaintiffs also invoke rights under German consumer protection laws. The courts of first and second instance have passed various sentences, of which several were unfavourable for HVB.

On 30 December 2011, the District Higher Court of Munich decided the issue relating to prospectus liability through a specific procedure pursuant to the Capital Markets Test Case Act (*Kapitalanleger-Musterverfahrensgesetz*). The Court stated that the prospectus was incorrect concerning the description of tax risks, loss risk and the fund's forecast; the Court further holds HVB liable along with the promoter of Medienfonds for such errors. HVB filed an appeal to the Federal Court. Any final decision in this proceeding will affect only few pending cases since with the vast majority of the investors a general settlement has already been closed.

Aside from the civil proceedings, the fiscal courts have not yet issued a final decision as to whether the tax benefits were rightfully revoked in the first place.

HVB has made provisions which are, at present, deemed appropriate.

### **CODACONS Class actions**

With a petition served on 5 January 2010, CODACONS (Coordination of the associations for the defence of the environment and the protection of consumer rights), on behalf of one of its applicants, submitted a class action to the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) pursuant to article 140-bis of the Consumer Code (Legislative Decree no. 206 dated 6 September 2005). This action, which was brought for an amount of €1,250 (plus unspecified non-

material damages), is based on the allegations of AGCM, according to which Italian banks would have compensated for the abolition of maximum overdraft commission by introducing new and more costly commissions for clients. The applicant asked the Court of Rome to allow the action specifying the criteria for being included in the class action and setting a period of not more than 120 days within which the parties may join the class action. If the Court considers the class action admissible, the amount requested could significantly increase based on the number of adhesions of current account holders of UniCredit Banca di Roma S.p.A. who consider that they have suffered damages as a result of the behaviour at issue.

Another class action – together with a request to join the two actions – was filed on 9 August 2010 by CODACONS on behalf of one of its members, before the Court of Rome against UniCredit Banca di Roma S.p.A. (now UniCredit S.p.A.) based on the same claims and asking for an amount of €1,110 (including non-material damages). The only difference between the two actions is that this claimant had a credit current account.

The Court of Rome, in two separate decisions taken on 25 March 2011, granting UniCredit's the motions, rejected the request to join filed by CODACONS and dismissed the two class actions.

In July 2011, the CODACONS appealed both decisions and on 14 May 2012 the Court of Appeal of Rome confirmed the decision of the lower Court.

UniCredit S.p.A. believes it has consistently operated in compliance with the law in relation to its commission policy.

## **Derivatives**

In Germany and Italy, there is a tendency for derivative contracts to be challenged most notably by non-institutional investors where those contracts are out of the money. This is affecting the financial sector generally and is not specific to UniCredit and its group companies. Due to the current uncertainty, it is impossible to assess the full impact of such challenges on the Group.

## **OTHER SIGNIFICANT EVENTS**

There has been increasing scrutiny of the financial institutions sector, especially by US authorities, with respect to combating money laundering and terrorist financing and enforcing compliance with economic sanctions. The US Treasury Department Office of Foreign Assets Control (**OFAC**) administers US laws and regulations in relation to US economic sanctions against designated foreign countries, nationals and others. A member of the UniCredit Group is currently responding to a third party witness subpoena from the New York County District Attorney's Office in connection with an on-going investigation regarding certain persons and/or entities believed to have engaged in sanctionable conduct. The relevant UniCredit Group member also has disclosed to OFAC information that it has provided to the District Attorney's office and is involved in on-going discussions with these authorities and is cooperating fully. In addition, the relevant UniCredit Group member is also conducting an on-going internal review of the accounts and transactions that are the subject of the investigation. It is not possible at this time to predict the outcome of the on-going investigation, including the timing and any potential financial impact it may have upon the operating results of the Company in any future financial period.

## **Client Proceeding related to German Tax Credits**

A client has filed claims against UCB AG with an amount in dispute of €124 million based on alleged incorrect advice and breach of duties relating to transactions in German equity securities. Such transactions were entered into by the client based on the expectation of receiving dividend withholding tax credits on dividends in relation to German equities which were traded around dividend dates. Pursuant to a tax audit of the client, the tax authorities have demanded payment from

the client, who is primarily liable vis-à-vis the tax authorities, of the withholding tax credit previously granted to the client plus interest summing up to the amount in dispute. UCB AG understands that the client and its tax advisor are challenging the tax authorities' position. The client in his claim requests UCB AG to indemnify him against said and potential future payment obligations vis-à-vis the tax authorities with respect to the transactions. The client recently extended his claim asking for the release of collateral pledged to UCB AG. The tax authorities served upon UCB AG a secondary liability notice requesting payment of the tax credits previously granted to the client including interest summing up to €124 million on the basis of alleged issuer liability for tax certificates. UCB AG has challenged the notice. There is a risk that UCB AG could be held liable for damages to the client in the civil proceeding or to the tax authorities on the basis of the liability notice. In addition, UCB AG could be subject to interest claims in relation to this matter, as well as fines and profit claw backs, and/or criminal exposure. UCB meanwhile has taken certain legal steps under civil law which UCB and its advisers considered appropriate in order to protect its position in the context of the above-mentioned matters.

## **LABOUR RELATED LITIGATION**

UniCredit and other Group companies are party to certain labour related litigation proceedings. The Group has made provisions to deal with any adverse outcomes and, in any event, UniCredit does not believe that any adverse outcome could significantly adversely affect the economic and/or financial condition of the Group.

## **PROCEEDINGS RELATED TO TAX MATTERS**

### **Proceedings Before Italian Tax Authorities**

At the date of this Base Prospectus, the following tax proceedings are pending at the Regional Tax Commission of Palermo: (i) challenge of a tax credit in the amount of approximately €25.6 million for corporate income tax (then called IRPEG) resulting from the annual tax return for the year 1984 of Cassa Centrale di Risparmio V.E. per le Province Siciliane (now Banco di Sicilia); (ii) challenge of a tax credit in the amount of approximately €21.1 million for corporate income tax resulting from the annual tax return for the year 1984 of Banco di Sicilia; and (iii) challenge of a tax credit in the amount of approximately €24.3 million resulting from the annual tax return for the year 1985 of Banco di Sicilia. The total value of the challenges, taking into account accrued and recorded interest, is approximately €174 million.

On 12 June 2007, the Regional Tax Commission of Palermo rejected the motions to dismiss by Banco di Sicilia. Banco di Sicilia filed appeals against the decision. Two of the appeal hearings were heard in front of the Regional Tax Commission and were decided in favour of Banco di Sicilia. The decisions were filed on 28 January 2010. The Financial Administration has filed appeals against these decisions to the Corte di Cassazione and, at the date of this Base Prospectus, the judgments are pending.

On 23 April 2010, a third appeal was heard in front of the same section of the Regional Tax Commission of Palermo. The appeal was resolved in favour of the Banco di Sicilia and the judgment was filed on 4 June 2010. As a result of a mistake in the filed version of the judgment, which stated a different value than that contained in the original version of the judgment, a special procedure to correct the mistake was required. An order for correction was published on 20 April 2011. The Financial Administration filed an appeal of the order with the Court of Cassazione on 6 July 2011. The appeal was decided in favour of the Banco di Sicilia and no provisions were made.

In addition on 5 January 2011, the Revenue Agency served UniCredit Leasing with a notice of assessment. The notice of assessment concerns IRAP and VAT taxes connected to certain real estate leasing operations carried out by UniCredit Leasing during the 2005 financial year.

The IRAP assessment equals €694,412 plus interest and penalties of €772,786. The VAT assessment equals €31,839,466 plus penalties of €70,866,012.50.

On 31 May 2011, UniCredit appealed the notice of assessment to the Regional Tax Commission of Bologna. Oral arguments have not yet been scheduled.

On 22 November 2011, UniCredit was notified of a tax assessment of €13,391,744.50. Having considered the potential risk, and in accordance with international accounting standards, UniCredit has not made provisions with respect to the above tax assessment.

### **Tax Audits and Other Investigations Relating to Structured Finance Transactions**

In the first half of 2009, the Milan Public Prosecutor's Office initiated investigations. The alleged crime is set out in Article 3 of Legislative Decree No. 74 of 10 March 2000 ("Fraudulent misrepresentation by other devices").

At the end of December 2010, the Regional Revenue Agency Departments of Liguria, Emilia Romagna, Latium and Sicily issued various notices of assessment for IRES and IRAP taxes (on corporate income and regional income, respectively) against UniCredit (both individually and as the incorporating company of Capitalia, UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia) in relation to structured finance transactions completed in the 2005 tax year. With respect to UniCredit Banca, the Regional Revenue Agency Department of Emilia Romagna issued notices of assessment against UniCredit for the 2004 tax year. The overall assessed amount of the above notices was €614.2 million, of which €136.3 million related to the 2004 tax year.

All the above banks carried out a transaction denominated in Turkish lira called "DB Vantage", which consisted of a repo transaction with an underlying bond issued by a British company of the Deutsche Bank group. In addition, in 2004 and 2005, UniCredit Banca carried out a repo transaction on the securities of a New Zealand company belonging to the Deutsche Bank group. Although, in the Company's view, these transactions generated higher profits for the banks compared to investments of a similar nature, UniCredit maintains that such transactions were carried out in the course of ordinary treasury operations and were not carried out for tax purposes.

All of the above notices of assessment alleged that the Group banks were "abusing rights". UniCredit Banca challenged the notices of assessment for IRES and IRAP taxes for the 2004 tax year. In May 2011, the Revenue Agency reduced the sanction for IRES tax from €82.8 million to €41.4 million. The total assessment thereafter was equal to €94.9 million. In addition, the act through which sanctions were imposed was challenged and the proceedings are pending before the Provincial Tax Court of Bologna.

With respect to the 2005 fiscal year, UniCredit paid €106.4 million (comprehensive of tax, interest and penalties) to settle the total assessment of €479 million.

On 1 March 2011, the Italian tax police commenced a tax investigation of structured finance transactions carried out by the above Group banks in the 2006, 2007, 2008 and 2009 tax years. Following that investigation, on 21 June 2011, the Italian finance police notified UniCredit of its findings (Processi Verballi di Constatazione – hereinafter the **PVC**) relating to UniCredit (both individually and as the incorporating company of Capitalia, UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia) and to UniCredit Corporate Banking concerning certain structured finance transactions, including the "Brontos" transaction, which consisted of a repo transaction, denominated in Turkish lira, between Barclays Plc and the above Group banks with underlying financial instruments issued by a Luxembourg company wholly owned by the Barclays group.

The PVC imposed taxes of €444.6 million, of which €269 million related to the Brontos transaction and €175.6 million related to other structured finance transactions carried out between 2006 and 2008.

On 18 October 2011, UniCredit was notified of a provisional seizure order (pursuant to art. 321, second paragraph, of the Italian code of criminal procedure) over €245,956,118.49 from UniCredit's accounts at the Bank of Italy, Milan branch. UniCredit requested a review of the seizure order and the related hearing was held on 22 November 2011.

On 28 November 2011, the Milan Court of Review cancelled the provisional seizure order and released UniCredit's accounts at the Bank of Italy.

On 29 December 2011, the Milan Public Prosecutor appealed the 28 November 2011 decision of the Court of Review, which annulled the prior seizure of €245,956,118.49 from UniCredit's accounts at the Bank of Italy, Milan Branch, to the Court of Cassation. The hearing will take place on 19 September 2012.

On 27 October 2011, the persons being investigated and their lawyers received notice that the investigation had been concluded.

In respect of the 2006 tax year, UniCredit was invited to a settlement on 6 December 2011. On 7 December 2011, UniCredit paid for the settlement of all the tax issues raised for such year in the amount of €85,513,500, of which €67,302,103 related to taxes and €18,211,397 related to penalties and interest. The tax and penalties amount was covered in full by a specific provision.

In respect of the Brontos transaction UniCredit posted a suitable provision in the year-end accounts.

On 5 June 2012, the GUP of Milan (Judge for the Preliminary Hearing ) decided to start an official trial for UniCredit and Barclays people formerly investigated. The trial will start on 1 October 2012.

On 13 June 2012 two new tax audits were started. One in respect of Unicredit Leasing S.p.A. related to the 2009 fiscal year and one in respect of Unicredit Real Estate S.c.p.A. always in respect of the fiscal year 2009. UniCredit Real Estate ScpA was merged by UniCredit with effect from 1 January 2012. The outcome of the tax audits cannot be predicted at this stage.

### **Tax Proceedings in Germany**

UCB AG is currently subject to tax audits in Germany for the fiscal years 2002 through 2004, which are close to being finalised, and for the fiscal years 2005 through 2008. UniCredit believes that adequate tax provisions have been accrued.

In addition, UCB AG has notified the Munich tax authorities of the possibility of certain proprietary trading of UCB AG undertaken close to dividend dates and related withholding tax credits claimed by UCB AG. In this context, and in parallel, the Supervisory Board of UCB AG has commissioned external advisors to conduct an audit of such matters. This audit is fully supported by UniCredit.

Given that UCB AG has proactively disclosed this matter to the Munich tax authorities, UCB AG expects that the German Central Federal Tax Authority (*Bundeszentralamt für Steuern*) and the Munich tax authorities are likely to examine such transactions. Although German tax authorities have recently denied withholding tax credits in certain types of trades undertaken near dividend dates, there is no clear guidance from the highest German tax court on the tax treatment of such transactions. At this time, the impact of any review by the Federal Tax Authority and Munich tax authorities is unknown. Because the audit commissioned by the Supervisory Board is at a very early stage, it is not possible at this time to predict the outcome, including timing for any findings.

In relation to the above-described securities transactions, UCB AG could be subject to substantial tax and interest claims in relation to these matters, as well as fines and profit claw backs, and/or criminal exposure.

UCB AG is in communication with its relevant regulators regarding this matter.

Regarding the potential liability of UCB AG to the tax authorities for repayment of certain withholding tax credits granted to a client, see “*Client Proceeding Related to German Tax Credits*”.

## PROCEEDINGS RELATED TO ACTIONS BY THE REGULATORY AUTHORITIES

### Italy

The UniCredit Group is subject to a significant degree of regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank and the European system of Central Banks, as well as other local regulators. As a consequence, the UniCredit Group is subject to normal supervisory activities by the relevant authorities. Some of these ordinary course supervisory activities have resulted in investigations and alleged irregularities, which are still pending as of the date of this Base Prospectus. In such circumstances, the UniCredit Group has endeavoured to demonstrate the correctness of its conduct. The UniCredit Group believes these investigations will not have material adverse effects on its business.

In particular, during recent years, some Group companies<sup>4</sup>, including UniCredit, have been subject to inspections by CONSOB concerning Cirio bonds, sovereign bonds issued by the Republic of Argentina and certain operations with derivative financial instruments. Following the completion of such inspections and reviews, CONSOB commenced certain administrative proceedings against managers of the banks involved.

Some of these proceedings regarding the alleged failure to comply with regulations and internal procedures concerning investment services are still pending. The UniCredit Group has acted to demonstrate the correctness of the actions by the companies and managers involved. In some of these cases, however, the proceedings have led to fines against managers, some of whom also hold offices at UniCredit, who are jointly and severally responsible together with the banks involved<sup>5</sup>.

In 2008, CONSOB investigated certain Group companies for their role as placement manager and sponsor in connection with the offer and listing of shares in an Italian company. The Group defended their actions and disputed the facts. However, the proceeding, which resulted in the imposition of a pecuniary administrative penalty against an employee of the Group, is still pending. In December 2010, CONSOB imposed pecuniary administrative sanctions against certain executives of a Group company as well as that company itself<sup>6</sup>.

Since 2008, the Bank of Italy began investigating the following: derivatives; internal audit structures; retail loan management; liquidity management (in cooperation with the OeNB and BaFin); business continuity; anti-money laundering; corporate credit risk; leasing activities and supervisory notifications. Upon discovering irregularities in the latter, Bank of Italy imposed pecuniary administrative penalties against some of the Group’s corporate representatives<sup>7</sup>.

In light of the above investigations, the Group implemented corrective measures intended to overcome any negative findings. The action plans prepared by the Group to correct such negative findings have been substantially in compliance with applicable deadlines. The action plans are

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<sup>4</sup> Some of which have been incorporated into UniCredit as of 1 November 2010.

<sup>5</sup> Such representatives include the Vice Chairman of the Board of Directors, Fabrizio Palenzona (as director of a company controlled by UniCredit), the Statutory Auditor Vincenzo Nicastro (as statutory auditor of a company controlled by UniCredit), the Statutory Auditor Michael Rutigliano (as Chairman of the Board of Auditors and standing auditor at two companies controlled by UniCredit) and the Executive with Strategic Responsibility, Roberto Nicastro (acting as a member of the Board of Directors of a UniCredit subsidiary), received pecuniary administrative sanctions by CONSOB for €12,300, €16,200, €36,200 and €11,700, respectively.

<sup>6</sup> Such representatives include the Director Donato Fontanesi (as member of the Board of Directors of a company controlled by UniCredit), that received pecuniary administrative sanctions by CONSOB for €18,400.

<sup>7</sup> These sanctions involved, in particular, managers with Strategic Responsibilities: Ranieri De Marchis for €28,000; Marina Natale for €18,000; and Nadine Farida Faruque for €14,000.

monitored by managers with certain corporate or control functions and periodically brought to the attention of the supervisory authority.

During the second half of 2011, the Bank of Italy carried out an inspection aimed at assessing the governance, management and control of credit risk, focusing on the small business segment. The answering process to the related outcomes is currently ongoing.

From January to May 2012, Bank of Italy carried out an inspection aimed at evaluating governance, management and control of liquidity risks and interest rate at consolidated level. The related outcomes are expected within the third quarter 2012. Furthermore, in April 2012, Bank of Italy has begun another inspection focused on the adequacy of information systems and back office processes.

In August 2008, the AGCM sanctioned UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia and Bipop Carire S.p.A. (now incorporated in UniCredit) for allegedly engaging in unfair trade practices with respect to the transferability of loans. The Group companies appealed those sanctions. In December 2010, the Italian Council of State (*Consiglio di Stato*) ruled in favour of the Group companies and overturned the sanctions.

In December 2008, the AGCM, sanctioned UniCredit Banca (now UniCredit) for approximately €1.5 million for having entered allegedly harmful competition agreements, dating back to 1996, relating to the management of the cash flows of INAIL, the Italian workers compensation authority. While the company appealed the sanctions, the proceedings are still pending.

In July 2009, the AGCM initiated an investigation to ascertain if UniCredit, together with MasterCard™ and other banks<sup>8</sup>, have entered into agreements that restrict competition in the credit card industry. In November 2010, the AGCM imposed pecuniary administrative penalties<sup>9</sup> against UniCredit and other banks for anti-competition violations relating to credit cards. UniCredit and the other banks appealed the penalties to the regional court of Lazio, which in July 2011 overturned the penalties. In November 2011, the AGCM appealed to the Italian Council of State against the above judgment of the regional court of Lazio; the appeal is pending.

In July 2009, the AGCM reopened an investigation into UniCredit Banca di Roma (now UniCredit) over allegedly unfair trade practices in connection with, among other things, the calculation of commissions derived from current accounts based on customer-provided information. The suspect company had previously been the target of a prior December 2008 investigation that failed to materialize any proof of wrongdoing. The investigation was reopened as regulations concerning maximum allowable overdraft fees were adopted pursuant to Law Decree No. 185 of 29 November 2008 as converted into Law 2 of 28 January 2009. However, on 22 December 2009, the AGCM ended its investigation, providing only a general report on the economic impacts of the new law to the Italian Parliament, Government and the Bank of Italy.

In December 2009, the AGCM commenced proceedings against UniCredit Banca di Roma (now UniCredit) alleging unfair trade practices with respect to mortgage forgiveness. The AGCM subsequently added UniCredit Family Financing Bank (now UniCredit) to the proceedings. In May 2010, pecuniary administrative sanctions of €150,000 were imposed against only UniCredit Banca di Roma, which appealed to the regional court. The proceedings are still pending.

In February 2010, the AGCM commenced proceedings against UniCredit Banca di Roma (now UniCredit) alleging unfair trade practices with respect to the closing of bank accounts. In July 2010, penalties of €50,000 were imposed. Thereafter, UniCredit Banca di Roma appealed to the regional court. The proceedings are still pending.

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<sup>8</sup> Particularly, Banca Monte dei Paschi di Siena S.p.A., Banca Nazionale del Lavoro S.p.A., Banca Sella Holding S.p.A., Barclays Bank plc, Deutsche Bank S.p.A., Intesa Sanpaolo S.p.A. and Istituto Centrale delle Banche Popolari Italiane S.p.A.

<sup>9</sup> The total amount of sanctions was €6,030,00 of which €380,000 applied to UniCredit.

In April 2010, the AGCM commenced proceedings against a Group company, FinecoBank, alleging unfair trade practices with respect to internet advertising. In August 2010, pecuniary administrative penalties of €140,000 were imposed. Thereafter, FinecoBank appealed to the regional court. The proceedings are still pending.

In August 2011, the AGCM commenced proceedings against and requested related information from UniCredit and another Group company, Family Credit Network S.p.A., alleging unfair trade practices in connection with an advertisement offering funding. In September 2011, UniCredit and Family Credit Network S.p.A. responded to the AGCM's information requests. The AGCM issued sanctions of €70,000 and €50,000 against UniCredit and Family Credit Network S.p.A., respectively. Thereafter UniCredit and Family Credit Network S.p.A. appealed to the regional court. The proceedings are still pending.

## **Germany**

Various regulators that exercise oversight of UCB AG's operations, including the German Central Bank, BaFin and the FSA, have conducted audits and/or reviews of UCB AG's risk management and internal control systems, and highlighted concerns (which were also the subject of additional internal and external UCB AG audits) about the extent to which such systems are fully compliant with applicable legal and regulatory requirements in Germany. At the beginning of 2010, UCB AG began a comprehensive programme to address those risks that it deemed to be material, and continues to work in strict coordination with external Auditors and respective Group functions to rectify the concerns raised and to ensure that Group-wide risk management policies are deployed in accordance with UniCredit policy. In addition, as a result of discussions with BaFin regarding these matters, and after informing the Bank of Italy, UniCredit and UCB AG have undertaken to maintain within UCB AG a minimum solvency ratio that exceeds the statutory minimum required in order to address BaFin's concern that there be sufficient capital within UCB AG to absorb any losses that could result from shortcomings in its risk management policies, until such shortcomings are addressed to BaFin's satisfaction. Progress on actions undertaken have been, and will continue to be, regularly reported by UCB AG to both UniCredit and to the relevant regulators, including the Bank of Italy and BaFin. Furthermore in April and May BaFin initiated two on-site audits on IT systems and outsourcing.

## **Poland**

In the course of its business activity, Bank Pekao is subject to various inspections, controls and investigations or explanatory proceedings carried out by different regulatory authorities, including, in particular: (i) the Polish Financial Supervision Authority (**PFSA**), (ii) the anti-trust authority (**UOKiK**) within the scope of the protection of market competition and consumers' collective rights, (iii) the relevant authority for the supervision of personal data protection (**GIODO**), and (iv) the relevant authorities for preventing and combating money-laundering and the financing of terrorism.

The PFSA conducts on a regular basis periodical audits with respect to the entire activity and financial condition of the bank. The most recent general audit took place in 2008. The PFSA discovered certain irregularities in Bank Pekao's operations relating to, among other things, credit, liquidity, market and operational risk management as well as certain infringements of specific provisions of Polish law and Bank Pekao's internal regulations. The PFSA issued specific recommendations for Bank Pekao but no fines were imposed on the bank. Bank Pekao prepared the schedule for the implementation of these recommendations and periodically reported to the PFSA on their fulfilment. The recommendations have already been implemented according to the presented schedule.

At the end of 2010, the PFSA conducted an extensive issue-oriented inspection that covered, in particular, the following: (i) the implementation of selected post-inspection recommendations resulting from the general audit in 2008, (ii) the monitoring of risks relating to investment in Bank Pekao's Ukrainian subsidiary, (iii) the functioning of Bank Pekao's Business Continuity Plan, and (iv) the outsourcing of IT and e-banking services to foreign entrepreneurs by Bank Pekao. During the

inspection certain irregularities were discovered and specific recommendations were issued; however, neither fines or other penalties were imposed against Bank Pekao. Bank Pekao prepared the schedule for the implementation of these recommendations and periodically reported to the PFSA on their implementation. The recommendations have already been implemented according to the presented schedule.

Between 2007 and 2011, the PFSA conducted other regulatory inspections focusing on specific issues, in particular: (i) the activity related to the custody of assets of certain open pension funds and employer pension funds, (ii) the compliance with the regulations on preventing and combating money-laundering and the financing of terrorism, (iii) the activity of Bank Pekao's brokerage house, (iv) the management of personal data in relation to brokerage activities and the management of guaranteed accounts, (v) deposit taking and (vi) other control procedures. As a result of these inspections, the PFSA issued certain recommendations which were followed by the bank.

Over the past five years, other regulatory proceedings were also initiated, including:

- anti-trust proceedings against operators of Visa™ and Europay™ systems and Polish banks issuing Visa™ and MasterCard™ credit cards in relation to the use of alleged anti-competitive practices that influenced the Polish payment card market. The UOKiK ruled that such practices restricted the competition on the relevant market, ordered the banks to refrain from these practices and imposed sanctions. The sanctions imposed on Bank Pekao amounted to approximately PLN 16.6 million (approximately €3.7 million). Bank Pekao appealed the UOKiK's decision. On 12 November 2008, the Antimonopoly Court withdrew the UOKiK's sentence. The UOKiK then filed an appeal against the Antimonopoly Court's decision. On 22 April 2010, the Court of Appeal reversed the decision of the Antimonopoly Court and transferred the case to the Antimonopoly Court for re-examination. On 8 May 2012 the Antimonopoly Court suspended the proceedings until the final resolution of the matter constituted in MasterCard's appeal against the European Commission's decision of 19 December 2007. Bank Pekao filed a complaint against the decision on suspending proceedings;
- an explanatory investigation by the UOKiK regarding the compliance with the consumers' law of the cash loan agreement models applied by Bank Pekao. In 2010, the UOKiK fined Bank Pekao. The fine imposed was PLN 1.9 million (approximately €500,000). In January 2011, Bank Pekao appealed to the Antimonopoly Court. The proceedings are pending; and
- proceedings against UniCredit CAIB Securities UK Limited (**UniCredit CAIB**), now a subsidiary of UCB AG, regarding the publication of research reports with a "target price" of zero. In 2011, the PFSA fined UniCredit CAIB. The fine was PLN 500 thousand (approximately €125,000). Notwithstanding the appeal of UniCredit CAIB in February 2012 the PFSA upheld the fine.

## **Austria**

As a licensed credit institution, Bank Austria is subject to the Austrian banking act (Bankwesengesetz – **BWG**) and hence, to the detailed regulation of and supervision by the Austrian financial market authority (Finanzmarktaufsicht - **FMA**) and the Oesterreichische Nationalbank (**OeNB**).

OeNB and FMA conducted a review focusing on liquidity risk management of Bank Austria from February to May 2009 as part of a joint review process of regulators on the UniCredit Group. A report was issued with regard to UniCredit Group (including, among others, Bank Austria) finding several insufficient liquidity risk management procedures and policies.

In 2010, OeNB and FMA jointly audited the credit portfolio of BA and certain of its subsidiaries in CEE countries and found several of the then applicable risk management and risk control mechanisms

regarding credit risk in the CEE countries to be insufficient. As a result, OeNB and FMA concluded, in their audit report, that comprehensive credit risk management of the overall BA Group was not possible.

To address the deficiencies set out in the regulator's report, BA drew up, and is currently in the process of implementing, an action plan, which is expected to be completed by the end of 2012. The success of the action plan at systematically reducing the deficiencies is being monitored by the management board and the supervisory board of BA on a regular basis and by the FMA on the basis of quarterly reports prepared by BA.

### **CEE countries**

Other Group companies operating in the CEE countries are subject to regular oversight activities, including inspections, audits and investigations or other fact-finding proceedings, by local regulatory authorities. These authorities carry out their activities with varying frequencies and methods, depending, among other things, on the country and the financial condition of Group company. As a result, local regulatory authorities may require Group companies to adopt certain organisational measures and/or impose sanctions or fines.

UniCredit, its subsidiaries and entities in which it has an investment are subject to scrutiny by competition authorities from time to time. Currently, there are investigations underway in Hungary (UniCredit Bank Hungary Zrt) and Turkey (Yapi ve Kredi Bankasi A.S.).

### **UK**

Both UniCredit S.p.A. and UCB AG branches are subject to the supervision of the FSA.

In 2010, the FSA audited the London branches of UniCredit and UCB AG in connection with their investment banking activities. The FSA found irregularities in the reporting and control activities of UCB AG and imposed operating limits subject to UCB AG's successful remediation of those irregularities. UCB AG has since adopted an action plan aimed to remedy those irregularities and share monitoring and regulating responsibilities with UniCredit. The irregularities have now been remedied and FSA has announced a second audit for Q2/2012 to validate the result. In 2010, the FSA imposed a penalty of GBP 630,000 against a "special purpose vehicle" formed by UCB AG for violating principles and rules relating to mortgages issued by the FSA.

### **CORPORATE OBJECTS**

The purpose of UniCredit, as set out in Clause 4 of its Articles of Association, is to engage in deposit-taking and lending in its various forms, in Italy and abroad, operating wherever in accordance with prevailing norms and practice, and to execute all permitted transactions and services of a banking and financial nature. In order to achieve its corporate purpose, UniCredit may engage in any activity that is instrumental or in any case related to its banking and financial activities, including the issue of bonds and the acquisition of shareholding in Italy and abroad.

### **MAJOR SHAREHOLDERS**

As at 11 May 2012 UniCredit's share capital, fully subscribed and paid-up, amounted to €19,647,948,525.10 and was divided into 5,789,536,030 shares without a nominal value, including 5,787,112,132 ordinary shares and 2,423,898 savings shares. UniCredit's ordinary shares are listed on the Italian, German and Polish regulated markets. The shares traded on these markets have the same characteristics and confer the same rights on the holder. UniCredit's savings shares (shares without voting rights and with preferential economic rights) are only listed on the Italian regulated market.

As at 11 May 2012, the following shareholders held directly or indirectly more than 2 per cent. of UniCredit's ordinary shares:

Shareholders	Ordinary Shares	%*
Aabar Luxembourg Sarl.....	376,200,000	6.501%
Central Bank of Libya Group** .....	96,142,187	4.988%
Fondazione Cassa di Risparmio di Torino, Via XX Settembre, 31, Torino, Italy	223,133,906	3.856%
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona, Via Forti Achille, 3/A, Verona, Italy .....	204,508,472	3.534%
BlackRock Inc .....	179,790,123	3.106%
Carimonte Holding S.p.A., Via Indipendenza, 11, Bologna, Italy .....	174,363,205	3.013%
Capital Research and Management Company.....	158,097,471	2.732%
(of which with right of vote on behalf of EuropeanPacific Growth Fund for discretionary asset management) .....	127,901,060	2.210%
Gruppo Allianz.....	116,650,786	2.016%

\* As a percentage of ordinary capital.

\*\* The share ownership and related percentage are provided by reference to the amount of ordinary capital preceding the increase in capital closed on 6 February 2012, pending possible communications from the shareholders concerned

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

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

## MATERIAL CONTRACTS

UniCredit has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes or the Guarantee.

## MANAGEMENT OF UNICREDIT

### Board of Directors

The board of directors (the **Board** or the **Board of Directors**) is responsible for the strategic supervision and the management of UniCredit and the Group and it may delegate its powers to the General Manager and other Board members.

The Board is elected by UniCredit's shareholders at a general meeting for a three financial year term, unless a shorter term is established upon their appointment, and Directors may be re-elected. Under

UniCredit's by-laws, the Board is composed of between a minimum of nine and a maximum of twenty-four Directors.

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 11 May 2012 for a term of three financial years and is composed of 19 members. The term of office of the current members of the Board will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2014.

The Board can appoint one or more general managers and/or one or more deputy general managers, establishing their roles and areas of competence. Should a Managing Director not have been appointed, the Board of Directors shall appoint a sole General Manager, and can appoint one or more Deputy General Managers, establishing their roles and areas of competence. The Board has appointed Mr Federico Ghizzoni as Managing Director.

The following table sets forth the current members of UniCredit's Board of Directors:

<b>Name</b>	<b>Position</b>
Giuseppe Vita <sup>(1)</sup>	Chairman
Candido Fois <sup>(1)</sup>	Deputy Vice Chairman
Khadem Abdulla Al Qubaisi <sup>(2)</sup>	Vice Chairman
Vincenzo Calandra Buonauro <sup>(1)</sup>	Vice Chairman
Fabrizio Palenzona <sup>(1)</sup>	Vice Chairman
Federico Ghizzoni <sup>(1-3)</sup>	CEO
Manfred Bischoff <sup>(2)</sup>	Director
Henryka Bochniarz <sup>(2)</sup>	Director
Alessandro Caltagirone <sup>(2)</sup>	Director
Luca Cordero di Montezemolo <sup>(2)</sup>	Director
Francesco Giacomini <sup>(1)</sup>	Director
Helga Jung <sup>(1-3)</sup>	Director
Friedrich Kadrnoska <sup>(2)</sup>	Director
Marianna Li Calzi <sup>(2)</sup>	Director
Luigi Maramotti <sup>(2)</sup>	Director
Antonio Maria Marocco <sup>(2)</sup>	Director
Lucrezia Reichlin <sup>(2)</sup>	Director
Lorenzo Sassoli de Bianchi <sup>(2)</sup>	Director
Anthony Wyand <sup>(2)</sup>	Director

(1) Director does not meet independence requirements pursuant to Section 3 of the Corporate Governance Code.

(2) Director meets independence requirements pursuant to Section 148 of the Italian Banking Act and Section 3 of the Corporate Governance Code.

(3) Director does not meet independence requirements pursuant to Section 148 of the Italian Banking Act.

The business address for each of the foregoing Directors is UniCredit S.p.A., Head Office, Milan, Italy.

Other principal activities performed by the members of the Board which are significant with respect to UniCredit are listed below:

**Giuseppe Vita:**

- Chairman of the Supervisory Committee of Axel Springer AG
- Member of the Board of Director of RCS MediaGroup S.p.A.
- Honorary Chairman of Deutsche Bank S.p.A.

- Member of the Board of Directors of Fondazione Cerba
- Member of the Board of Directors of IEO – Istituto Europeo di Oncologia
- Member of the Board of Directors of Fondazione IEO

**Candido Fois:**

- Chairman of the Board of Unicredit Credit Management Bank S.p.A.
- Member of the Board of Directors of A.B.I. – Italian Banking Association
- Member of the Board of Telecom Italia Media S.p.A.
- Member of the Supervisory Board of Bank of Austria
- Chairman of the Board of Faeda S.p.A.

**Khadem Abdualla Al Qubaisi:**

- Board Member and Managing Director of International Petroleum Investment Company (IPIC)
- Chairman of Nova Chemicals
- Chairman of Borealis AG
- Chairman of Compañia Española de Petróleos (CEPSA)
- Chairman of Aabar Investments PJS
- Chairman of Aabar Properties
- Board Member of ChemaWEyaat
- Board Member of Emirates Investment Authority
- Chairman of First Energy Bank
- Chairman of Takaful
- Chairman of Arabtec

**Vincenzo Calandra Buonauro:**

- Member of the Board of Directors of A.B.I. – Italian Banking Association

**Fabrizio Palenzona:**

- Chairman of Gemina S.p.A.
- Chairman of Assaeroporti S.p.A. – Associazione Italiana Gestori Aeroporti
- Chairman of ADR S.p.A.
- Chairman of FAISERVICE SCARL
- Chairman of AISCAT (Italian Association of Toll Motorways and Tunnels Operators)
- Chairman of Impregilo S.p.A.
- Member of the Board of Directors of ABI – Italian Banking Association
- Member of the Executive Committee of Giunta degli Industriali di Roma
- Member of the Board of Directors of Università degli Studi del Piemonte Orientale "Amedeo Avogadro"

**Federico Ghizzoni:**

- Chairman of the Supervisory Board of UniCredit Bank A.G., Munich
- Member of the Board of Directors and the Executive Committee of A.B.I. – Italian Banking Association
- Chairman of Associazione Filarmonica della Scala
- Member of the Steering Committee of the Stockholders' Agreement of Mediobanca S.p.A.
- Member of the Council for the United States and Italy
- Member of IIEB Institute International d'Etudes Bancaires – Brussels
- Member of IMC International Monetary Conference (Washington)
- Member of the EFR European Financial Services Round Table – Brussels
- Member of the Board of Directors of Institute of International Finance, Washington

**Manfred Bischoff:**

- Chairman of the Supervisory Board of Daimler AG
- Member of the Supervisory Board of Royal KPN N.V.
- Chairman of the Supervisory Board of SMS GmbH
- Chairman of the Supervisory Board of Voith GmbH

**Henryka Bochniarz:**

- President, Boeing Central & Eastern Europe
- President, Polish Confederation of Private Employers Lewiatan
- Vice President, BUSINESSEUROPE
- Deputy Chair, Tripartite Committee for Social and Economic Affairs
- Member of the Enterprise and Industry Advisory Group
- Member of Supervisory Board, Telekomunikacja Polska SA
- Member of Supervisory Board, AVIVA SA
- Member of the International Advisory Board, Kozminski University
- Co-founder of the Congress of Women and the Congress of Women Association
- Chairperson of the joint Polish-Japanese Economic Committee
- Member of the Board of Trustees, Polish National Museum
- Vice President, The Stanislaw Ignacy Witkiewicz Art Foundation

**Alessandro Caltagirone:**

- Member of the Board of Directors and of the Executive Committee of Vianini Lavori S.p.A.
- Chief Executive of Vianini Ingegneria S.p.A.
- Chairman of the Board of Directors of Vianini Industria S.p.A.
- Member of the Board of Directors of Il Messaggero S.p.A.
- Member of the Board of Directors of Cementir Holding S.p.A.
- Member of the Board of Directors of Caltagirone S.p.A.
- Member of the Board of Directors of Caltagirone Editore S.p.A.
- Member of the Board of Directors of Il Gazzettino S.p.A.
- Member of the Investments Committee of Fabbrica Immobiliare SGR S.p.A.
- Member of "Zoning Commission & Territory" of ANCE Associazione Nazionale Costruttori Edili
- Vice President of UIR – Unione degli Industriali di Roma
- Chairman of the Board of Directors of FCG S.p.A.
- Chairman of the Board of Directors of Finanziaria Italia 2005 S.p.A.
- Chairman of the Board of Directors of Fincal S.p.A.
- Chairman of the Board of Directors of Romana Partecipazioni 2005 S.r.l.
- Chairman of the Board of Directors of Ical S.p.A.
- Chief Executive of Immobiliare Ara Coeli S.r.l.
- Chief Executive of Alca 1969 S.r.l.
- Chief Executive of Ced 2008 S.r.l.
- Chief Executive of Corso 2009 S.r.l.
- Chief Executive of Euclide 2000 S.r.l.
- Member of the Board of Directors of Finanziaria Italia S.p.A.
- Member of the Board of Directors of Cimentas A.S.

**Luca Cordero di Montezemolo:**

- Chairman of Ferrari S.p.A.
- Chairman of Nuovo Trasporto Viaggiatori S.p.A.
- Chairman of MDP Holding Uno S.r.l.
- Chairman of MDP Holding Due S.r.l.
- Chairman of MDP Holding Tre S.r.l.

- Chairman of MDP Holding Quattro S.r.l.
- Chairman of Telethon Comitato e Fondazione
- Chairman of Charme Management S.r.l.
- Member of the Board of Directors of Editrice La Stampa
- Member of the Board of Directors of Tod's S.p.A.
- Member of the Board of Directors of PPR
- Member of the Board of Directors of FIAT
- Member of the Board of Directors of Poltrona Frau S.p.A.
- Member of the Board of Directors of Montezemolo & Partners SGR
- Member of the Board of Directors of Octo Telematics S.p.A.
- Member of the Board of Directors of Dekta Topco

**Francesco Giacomini:**

- Chairman of “La Fornace dell’innovazione” Foundation
- Chairman of Industrial Park AD - Sofia
- Member of Commissione Amministratrice of the Fondo di Previdenza “G. Caccianiga”
- Member of the Board of Directors of ABI – Italian Banking Association
- Director of I Tigli 2 Società Cooperativa Onlus
- Secretary to Confartigianato Treviso
- Director of Ente Bilaterale Artigianato Veneto

**Helga Jung:**

- Member of the Management Board of Allianz SE
- Non-Executive Member of the Board of Directors of Companhia de Seguros Allianz Portugal S.A.
- Member of the Board of Director of Allianz Seguros, Spain

**Friedrich Kadrnoska:**

- Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten
- Chairman of the Supervisory Board of Wienerberger AG
- Chairman of the Supervisory Board of Österreichisches Verkehrsbüro AG
- Vice-Chairman of the Supervisory Board of Allgemeine Baugesellschaft – A. Porr AG
- Member of the Board of Directors of Wiener Privatbank SE
- Chairman of the Supervisory Board of CEESEG AG
- Member of the Supervisory Board of Card complete Service Bank AG
- Chairman of the Supervisory Board of Wiener Börse AG
- Partner of A&I Beteiligung und Management GmbH

**Marianna Li Calzi:**

- Member of the Board of Directors of Civita Sicilia S.r.l.

**Luigi Maramotti:**

- Member of the Board of Directors of Cofimar S.r.l.
- Chairman of Diffusione Tessile S.r.l.
- Sole Director of Dartora S.r.l.
- Chairman of Fintorlonia S.p.A.
- Chairman of Imax S.r.l.
- Chairman of Istituto Immobiliare Italiano del Nord S.p.A.
- Vice Chairman of Manifatture del Nord S.r.l.
- Vice Chairman of Marella S.r.l.
- Vice Chairman of Marina Rinaldi S.r.l.
- Chairman of Max Mara S.r.l.

- Vice Chairman of Max Mara Fashion Group S.r.l.
- Vice Chairman of Max Mara Finance S.r.l.
- Chairman of Maxima S.r.l.
- Chairman of Finca y Comercio de Gratia S.A.
- Member of the Board of Directors of Max Mara Japan Co. Ltd
- Chairman of Max Mara Hosiery S.r.l.
- Chairman of Max Mara USA Inc.
- Chairman of Max Mara USA Retail Inc.
- Partner of Cams S.r.l.
- Member of the Board of Directors of Madonna dell'Uliveto Soc. Coop.

#### **Antonio Maria Marocco:**

- Member of the Board of Directors of Reale Immobili S.p.A.
- Member of the *Consiglio di Sovrintendenza* of IOR – Istituto per le Opere di Religione Vaticano
- Member of the Board of Directors of Editrice La Stampa S.p.A.

#### **Lucrezia Reichlin:**

- Full Professor of Department of Economics, London Business School
- CoFounder and Director of Now Casting Economics Ltd
- Member of the Scientific Board of over ten international institutions, including universities and banks; various editorial activities on international journals; member of the assessment panel of research projects on social sciences financed by the European Union (ERC); “Fellow” at the Centre for European Policy Research, London; “Fellow” of the European Economic Association

#### **Lorenzo Sassoli de Bianchi:**

- Chairman of Valsoia S.p.A.
- President of U.P.A. (Utenti Pubblicità Associati)
- President of MAMbo (Museum of Modern Art Bologna)

#### **Anthony Wyand:**

- Member of the Board of Directors of AVIVA France
- Member of the Board of Directors of Société Foncière Lyonnaise SA
- Deputy Chairman of the Board of Directors of Société Générale

#### **Senior Management**

The following table sets out the name and title of each of the senior managers of the Issuer and of the Group:

<b>Name</b>	<b>Title</b>
Federico Ghizzoni	Chief Executive Officer and General Manager
Roberto Nicastro	General Manager - responsible for F&SME, Private Banking and CEE Divisions and the overall activities of “Italy” managed by the Italy Country Chairman
Paolo Fiorentino	Deputy General Manager and Chief Operating Officer - responsible for organisational, operational and service functions (so-called “GBS” functions)
Jean-Pierre Mustier	Deputy General Manager – Head of CIB Division
Nadine Farida Faruque	General Counsel & Group Compliance Officer

Kallol Karl Guha  
Marina Natale  
Paolo Cornetta  
Ranieri de Marchis

Group Chief Risk Officer  
Chief Financial Officer and Manager in charge of  
preparing the Issuer's financial reports  
Group Head of Human Resources  
Head of Internal Audit

The business address for each of the foregoing members of UniCredit's senior management is UniCredit S.p.A., Piazza Cordusio, 20123 Milan, Italy.

### **Board of Statutory Auditors**

UniCredit's board of statutory auditors (the **Board of Statutory Auditors**) supervises compliance with laws, regulations and the Articles of Association, the proper management and the adequacy of the organisational and accounting set-up of UniCredit and of the risk management and control, as well as the functionality of the total internal control system, of the external auditing of the accounts and the consolidated accounts, of the independence of the external audit firm and of the information process regarding financial data. The Board of Statutory Auditors shall also report any irregularities or violations of the legislation to the Bank of Italy and, where required, other supervisory authorities, and on the supervisory activity performed and on any omissions and censurable facts found to the Shareholders' Meetings called to approve the company's financial statements.

The Board of Statutory Auditors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 22 April 2010 for a term of three financial years and its members may be re-elected. The Board of Statutory Auditors consists of five statutory auditors, including a Chairman, and two stand-in statutory auditors.

The term of office of the current members of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2012.

All of the members of the Board of Statutory Auditors are enrolled with the Register of Chartered Accountants of the Italian Ministry of Justice. The business address for each of the members of the Board of Statutory Auditors is UniCredit S.p.A., Piazza Cordusio, 20123 Milan, Italy.

The following table sets out the name, age, position and year of appointment of the current members of the Board of Statutory Auditors of UniCredit.

<b>Name</b>	<b>Position</b>	<b>Year of appointment</b>
Maurizio Lauri	Chairman	2010
Cesare Bioni	Statutory Auditor	2010
Vincenzo Nicastro	Statutory Auditor	2010
Michele Rutigliano	Statutory Auditor	2010
Marco Ventoruzzo	Statutory Auditor	2010
Paolo Domenico Sfameni	Stand-in Auditor	2010
Massimo Livatino	Stand-in Auditor	2010

Other principal activities performed by the Statutory Auditors which are significant with respect to UniCredit are listed below:

#### **Maurizio Lauri:**

- Statutory Auditor of Tirreno Power S.p.A.
- Chairman of the Board of Statutory Auditors of Cosmic Blue Team S.p.A.
- Chairman of the Board of Statutory Auditors of GDF Suez Rinnovabili S.p.A.

- Chairman of the Board of Statutory Auditors of GDF Suez Produzione S.p.A.
- Chairman of the Board of Statutory Auditors of Rino Immobiliare S.r.l.
- Chairman of the Board of Statutory Auditors of Pratesi Service S.r.l.
- Chairman of the Board of Statutory Auditors of AFP Capital S.r.l.
- Chairman of the Board of Statutory Auditors of Lori S.p. A.
- Chairman of the Board of Statutory Auditors of Rino Pratesi S.p.A.
- Chairman of the Board of Statutory Auditors of Pratesi Hotel Division S.r.l.
- Chairman of the Board of Directors of RSM Tax & Advisory S.r.l.
- Sole Statutory Auditor (Sindaco Unico) of Helio–Capital S.p.A.

#### **Cesare Bisoni**

- Member of the Board of Auditors of Fondazione Universitaria Marco Biagi

#### **Vincenzo Nicastro**

- Special Commissioner of Carrozzeria Bertone S.p.A.
- Special Commissioner of Bertone S.p.A. in a.s.
- Director of Industria ed Innovazione S.p.A.
- Director of Reno de Medici S.p.A.
- Chairman of the Board of Directors of Red.IM S.r.l.
- Auditor of Infracom S.p.A.

#### **Michele Rutigliano**

- Statutory Auditor of European Finance S.r.l.
- Chairman of the Board of Statutory Auditors of Citifin S.r.l.
- Chairman of the Board of Statutory Auditors of Pioneer Alternative Investment Management SGRpA

#### **Marco Ventoruzzo**

- Statutory Auditor of Partito Democratico

#### **Compensation**

In the year ended 31 December 2011, the aggregate compensation paid to key management personnel (including the Board of Directors) was approximately €29.9 million.

#### **CONFLICT OF INTERESTS**

As at the date of this Base Prospectus, and to the best of UniCredit's knowledge, no member of UniCredit's managing and controlling bodies has any interest conflicting with the obligations arising from the office or position held within UniCredit, except for those that may concern operations put before the relevant bodies of UniCredit in accordance with the applicable procedures, in strict compliance with existing laws and regulations. The members of UniCredit's managing and controlling bodies must comply with the following provisions aimed at regulating instances where there exists a specific interest concerning the implementation of an operation:

- Article 136 of the Italian Banking Act requires a particular authorisation procedure (a unanimous decision by the supervisory body and the favourable vote of all members of the controlling body, as well as, where applicable, the approval of the parent company) should a bank or a company belonging to a banking group enter into obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with its respective company officers, or should another company or bank part of the same banking group contract loans with officers from the same banking group. The same provisions also apply to obligations with companies controlled by the aforementioned officers or at which such persons carry out management or control functions, as well as with subsidiaries or parents of the said companies;

- Article 2391 of the Italian Civil Code obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest that they may have, on their own behalf or on behalf of a third party, in a specific company transaction, with the concerned member of the Board of Directors having to abstain from carrying out the transaction if he is also the CEO;
- Furthermore, in compliance with the existing provisions concerning transactions with related parties (i.e. Article 2391-*bis* of the Italian Civil Code and CONSOB Regulation No. 17221 dated 12 March 2010 and subsequent updates), UniCredit applies specific procedures in order to ensure the transparency and substantive and procedural correctness of the related parties transactions to be implemented directly or through its subsidiaries. In accordance with the aforementioned provisions, the most significant transactions with related parties fall within the exclusive responsibility of the UniCredit Board of Directors, with the exception of transactions falling under the responsibility of the UniCredit Shareholders' Meeting.

For information on related-party transactions, please see Part H of the Notes to the Consolidated Accounts of UniCredit S.p.A. as at 31 December 2010 and as at 31 December 2011, in each case incorporated by reference herein.

## EXTERNAL AUDITORS

UniCredit's annual financial statements must be audited by external auditors appointed by its shareholders, under reasoned proposal by UniCredit's Board of Statutory Auditors. The shareholders' resolution and the Board of Statutory Auditors' reasoned proposal are communicated to CONSOB. The external auditors examine UniCredit's annual financial statements and issue an opinion regarding whether its annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation; which is to say whether they are clearly stated and give a true and fair view of the financial position and results of the Group. Their opinion is made available to UniCredit's shareholders prior to the annual general shareholders' meeting.

Since 2007, following a modification of Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**), listed companies may not appoint the same auditors for more than nine years. At the annual general shareholders' meeting of UniCredit held on 4 May 2004, KPMG S.p.A. (**KPMG**) was appointed to act as UniCredit's external auditor for a period of three years and during the general shareholders' meeting of UniCredit held on 10 May 2007 KPMG's engagement was extended for a further six years, to complete the nine-year period allowed by the Financial Services Act.

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

At the ordinary and extraordinary shareholders' meeting of UniCredit held on 11 May 2012, Deloitte & Touche S.p.A. (**Deloitte**) has been appointed to act as UniCredit's external auditor for the 2013-2021 nine-year period, pursuant to Article 13, paragraph 1, of Legislative Decree no. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

## RECENT DEVELOPMENTS

### Capital Strengthening

UniCredit's Extraordinary Shareholders' Meeting, held in Rome on 15 December 2011, approved the capital strengthening measures announced to the market on 14 November 2011.

More specifically, the Shareholders' Meeting approved:

- the capitalization of the share premium reserve originated by the CASHES shares through a free capital increase, pursuant to Article 2442 of the Italian Civil Code;

- the cancellation of the nominal value of UniCredit's ordinary and savings shares;
- a share capital increase by way of a rights issue for a total maximum amount of €7.5 billion to be carried out through the issuance of new ordinary shares with regular beneficial ownership rights to be offered on a pre-emptive basis to existing holders of UniCredit's ordinary and savings shares, pursuant to Article 2441, first, second and third paragraph of the Italian Civil Code;
- a reverse stock split of ordinary and savings shares based on a ratio of 1 new ordinary or savings share for every 10 existing ordinary or savings shares;
- an amendment to UniCredit's Articles of Association enabling the Board of Directors to offer shareholders the chance to receive dividends either in cash or UniCredit ordinary shares (scrip dividend) or a mix of cash and ordinary shares.

UniCredit's Board of Directors has also announced its intention not to submit to the Shareholders' Meeting, in 2012, any proposals for the payment of dividends with respect to its 2011 financial results, as per Bank of Italy's paper dated 2 March 2012.

Therefore, in 2011 the following steps were taken:

- the €2,499,217,969.50 free capital increase, through the allocation to capital of an equivalent amount transferred from the "Issue-premium reserve";
- the cancellation of the nominal value of UniCredit's ordinary and savings shares;
- the reverse stock split of ordinary and savings shares based on the ratio approved by the Extraordinary Shareholders's Meeting on 15 December 2011. As a result of this initiative, the number of ordinary and savings shares has decreased from 19,274,251,710 to 1,927,425,171 and from 24,238,980 to 2,423,898 respectively.

On 4 January 2012 the Board of Directors of UniCredit approved the terms and the timetable of the preemptive offer of ordinary shares to existing shareholders based on the resolution of the Extraordinary Shareholders's Meeting of 15 December 2011:

- the new ordinary shares, with no par value, have been offered on a pre-emptive basis to existing holders of ordinary and savings shares of UniCredit at the price of €1.943 per share, at the subscription ratio of 2 new ordinary shares for every 1 ordinary and/or savings share held;
- a maximum of 3,859,602,938 new ordinary shares to be issued, increasing the UniCredit's share capital by, and for an aggregate amount of, €7,499,208,508.53;

During the subscription period (9 January 2012 – 27 January 2012 in Italy, Germany and Austria and 12 January 2012 – 27 January 2012 in Poland), 1,925,199,755 subscription rights were exercised and, thus, 3,850,399,510 shares were subscribed representing 99.8% of the total shares offered, for an aggregate amount of €7,481,326,247.93.

The unexercised rights, relating to the subscription of 9,203,428 UniCredit's ordinary shares, have been offered by UniCredit, through UniCredit Bank AG, Milan Branch, on the Stock Exchange, pursuant to Article 2441, paragraph 3, of the Italian Civil Code. All the rights were sold during the first trading session on 1 February 2012 and the new shares were subsequently subscribed.

The capital increase was therefore fully subscribed.

### **Tender offer**

On 24 January 2012, UniCredit announced an invitation to eligible holders of certain preferred securities and subordinated debt securities (the **Securities**) to submit offers (**Offers**) to sell their Securities to UniCredit for cash (the **Invitation**). The purpose of the Invitation (in line with the rationale for the rights issue) was to support the UniCredit Group's strategy for optimising its capital structure.

On 6 February 2012, UniCredit announced the results of the Invitation and the satisfaction of the conditions to the Invitation. Holders of Securities of an aggregate liquidation preference (in the case of the preferred securities) and principal amount (in the case of the subordinated debt securities) of €1,293,033,000 with respect to Securities denominated in Euro and £473,264,000 with respect to Securities denominated in UK Sterling validly tendered their Securities in the Offers. UniCredit has accepted for purchase all the subordinated debt securities and preferred securities validly tendered in the Offers.

The settlement date for the purchase by UniCredit of the Securities that were validly tendered pursuant to the Offers occurred on 10 February 2012.

In relation to the Securities it has accepted for purchase, UniCredit has reserved the right to hold, re-issue, resell or surrender such Securities for cancellation, subject to the terms and the conditions of the respective Security.

### **Strategic Plan**

On 14 November 2011, the Board of Directors of UniCredit approved the 2010-2015 Strategic Plan which is broken down into four well-defined pillars indicated below:

- a rigorous focus on capital strength, risk profile, equilibrium in the liquidity position and in movements of loans and deposits;
- close cost management aimed at the more efficient use of available resources with an emphasis on simplifying and rationalising management structures and redesigning the distribution network;
- revision of business strategies as a function of changes in respective reference markets in the context of developing tighter divisional integration capable of generating greater business synergies; and
- a special focus on Italy with the aim of reducing the gap between loan and deposit volumes, improving loan quality and improving operating efficiency.

### **EBA**

In October 2011, the EBA, in collaboration with the competent authorities, conducted a capital exercise involving 71 banks throughout Europe, including UniCredit, with a view to creating a one-off temporary capital buffer in response to the current financial and sovereign debt crisis, intended to restore stability in the Eurozone and confidence among investors. The buffer is not intended to cover losses caused by sovereign risk, but to reassure the markets that the banks are capable of resisting a series of shocks whilst maintaining sufficient capital. The EBA has also called for a buffer which would bring the Core Tier 1 Ratio to 9% by the end of June 2012. Based on the data recorded as at 30 September 2011, UniCredit's total capital requirement was estimated at Euro 7,974 million.

### **Listing as a Systematically Important Financial Institution (SIFIs)**

UniCredit was included in the list of financial institutions of global systemic importance, published on 4 November 2011 by the Financial Stability Board. The banks included on that list, which will be updated annually, will be subject to increased oversight and will be required, in consultation with supervisory authorities, to prepare, by 2012, resolution and recovery plans to prevent the risk of its failure from driving systemic risk. In addition, those banks identified in November 2011 as globally systemically important using the Basel Committee on Banking Supervision (BCBS) methodology will be required to maintain the capacity to absorb additional losses through the accumulation of an additional capital buffer represented by Common Equity Tier 1 (the additional loss absorbing requirement).



## OVERVIEW OF THE FINANCIAL INFORMATION OF UNICREDIT

Set out below is summary financial information of UniCredit, derived from the audited consolidated financial statements of UniCredit as at and for the years ended 31 December 2010 and 2011 (prepared in accordance with IFRS/IAS), which have been audited by KPMG S.p.A.. Such financial statements, together with the audit reports of KPMG S.p.A. and the accompanying notes, are incorporated by reference into this Base Prospectus. The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements, reports and the notes thereto. See “*Documents Incorporated by Reference*”.

### UNICREDIT CONSOLIDATED BALANCE SHEET

	As at 31 December	
	2011	2010
	(Audited)	
	(in thousands of euro)	
<b>Balance sheet – Assets</b>		
Cash and cash balances .....	9,728,137	6,414,097
Financial assets held for trading .....	130,985,409	122,551,402
Financial assets at fair value through profit or loss .....	28,624,394	27,077,856
Available for sale financial assets .....	57,919,008	55,103,190
Held-to-maturity investments .....	9,265,450	10,003,718
Loans and receivables with banks .....	56,364,996	70,215,452
Loans and receivables with customers .....	559,553,003	555,653,360
Hedging derivatives .....	16,241,206	11,368,199
Changes in fair value of portfolio hedged items (+/-) .....	1,827,857	2,248,056
Investments in associates and joint ventures .....	3,554,675	3,963,087
Insurance reserves attributable to reinsurers .....	928	352
Property, plant and equipment .....	12,198,058	12,611,297
Intangible assets .....	15,685,444	25,592,159
of which – goodwill .....	11,567,192	20,428,073
Tax assets .....	14,346,042	12,961,052
(a) current tax assets .....	1,685,303	1,674,735
(b) deferred tax assets .....	12,660,739	11,286,317
Non-current assets and disposal groups classified as held for sale .....	345,161	776,014
Other assets .....	10,128,976	12,948,264
<b>Total assets .....</b>	<b>926,768,744</b>	<b>929,487,555</b>

## UNICREDIT CONSOLIDATED BALANCE SHEET (continued)

	As at 31 December	
	2011	2010
	(Audited)	
	(in thousands of euro)	
<b>Balance sheet – Liabilities</b>		
Deposits from banks .....	131,806,952	111,735,094
Deposits from customers .....	398,379,282	402,248,191
Debt securities in issue .....	162,990,254	180,990,328
Financial liabilities held for trading .....	123,285,765	114,099,136
Financial liabilities at fair value through profit or loss .....	785,966	1,267,889
Hedging derivatives .....	13,208,746	9,680,850
Changes in fair value of portfolio hedged items (+/-) .....	4,840,832	2,798,376
Tax liabilities .....	6,209,785	5,836,890
<i>Current tax liabilities</i> .....	<i>1,504,846</i>	<i>1,464,819</i>
<i>Deferred tax liabilities</i> .....	<i>4,704,939</i>	<i>4,372,071</i>
Liabilities included in disposal groups classified as held for sale .....	252,164	1,394,769
Other liabilities .....	20,416,128	22,224,352
Provision for employee severance pay .....	1,089,409	1,201,833
Provisions for risks and charges .....	8,496,169	8,087,978
<i>(a) Post-retirement benefit obligations</i> .....	<i>4,509,105</i>	<i>4,515,173</i>
<i>(b) Other provisions</i> .....	<i>3,987,064</i>	<i>3,572,805</i>
Insurance reserves .....	209,714	218,644
Revaluation reserves .....	(3,843,089)	(1,252,787)
Reserves .....	15,564,529	15,186,462
Share premium .....	36,823,215	39,322,433
Issued capital .....	12,148,463	9,648,791
Treasury shares (-) .....	(7,337)	(4,197)
Minorities (+/-) .....	3,318,245	3,479,180
Net Profit or Loss (+/-) .....	<u>(9,206,448)</u>	<u>1,323,343</u>
<b>Total liabilities and shareholders' equity .....</b>	<b>926,768,744</b>	<b>929,487,555</b>

## UNICREDIT CONSOLIDATED INCOME STATEMENT

	Year ended 31 December	
	2011	2010
	(Audited)	
	(in thousands of euro)	
Interest income and similar revenues .....	29,671,745	28,641,891
Interest expense and similar charges .....	(14,184,168)	(12,885,464)
<b>Net interest margin .....</b>	<b>15,487,577</b>	<b>15,756,427</b>
Fee and commission income .....	10,062,375	10,209,704
Fee and commission expense .....	(1,754,904)	(1,754,234)
<b>Net fees and commissions .....</b>	<b>8,307,471</b>	<b>8,455,470</b>
Dividend income and similar revenue .....	740,881	718,314
Gains and losses on financial assets and liabilities held for trading .....	228,841	343,169
Fair value adjustments in hedge accounting .....	105,797	52,139
<b>Gains and losses on disposal of .....</b>	<b>313,809</b>	<b>311,636</b>
(a) loans .....	(21,920)	7,340
(b) available-for-sale financial assets .....	302,771	120,238
(c) held-to-maturity investments .....	(3,281)	(590)
(d) financial liabilities .....	36,239	184,648
Gains and losses on financial assets/liabilities at fair value through profit or loss .....	23,693	(28,733)
<b>Operating income .....</b>	<b>25,208,069</b>	<b>25,608,422</b>
Impairment losses on: .....	(6,642,734)	(7,006,651)
(a) loans .....	(5,864,882)	(6,708,268)
(b) available-for-sale financial assets .....	(471,769)	(141,779)
(c) held-to-maturity investments .....	(152,373)	(2)
(d) other financial assets .....	(153,710)	(156,602)
<b>Net profit from financial activities .....</b>	<b>18,565,335</b>	<b>18,601,771</b>
Premiums earned (net) .....	125,688	118,176
Other income (net) from insurance activities .....	(98,814)	(94,904)
<b>Net profit from financial and insurance activities .....</b>	<b>18,592,209</b>	<b>18,625,043</b>
Administrative costs: .....	(15,096,252)	(14,971,556)
(a) staff expense .....	(9,441,047)	(9,477,728)
(b) other administrative expense .....	(5,655,205)	(5,493,828)
Net provisions for risks and charges .....	(740,229)	(764,887)
Impairment/write-backs on property, plant and equipment .....	(841,347)	(996,668)
Impairment/write-backs on intangible assets .....	(1,608,442)	(674,998)
Other net operating income .....	794,229	952,019
<b>Operating costs .....</b>	<b>(17,492,041)</b>	<b>(16,456,090)</b>
Profit (loss) of associates .....	(323,249)	209,083
Gains and losses on tangible and intangible assets measured at fair value .....	(6,846)	152
Impairment of goodwill .....	(8,677,456)	(361,500)
Gains and losses on disposal of investments .....	180,327	158,001
<b>Total profit or loss before tax from continuing operations .....</b>	<b>(7,727,056)</b>	<b>2,174,689</b>
Tax expense (income) related to profit or loss from continuing operations .....	(1,114,626)	(530,120)
<b>Total profit or loss after tax from continuing operations .....</b>	<b>(8,841,682)</b>	<b>1,644,569</b>
Total profit or loss after tax from discontinued operations .....	-	-
<b>Net Profit or Loss for the year .....</b>	<b>(8,841,682)</b>	<b>1,644,569</b>
Minorities .....	(364,766)	(321,226)
<b>HOLDINGS INCOME (LOSS) OF THE PERIOD .....</b>	<b>(9,206,448)</b>	<b>1,323,343</b>
Earnings per share (€) .....	(5.12)	0.064
Diluted earnings per share (€) .....	(5.11)	0.064

Notes:

2010 earnings per share and diluted earnings per share were recalculated to allow comparison following the reverse stock split which took place on 27 December 2011.

## **DESCRIPTION OF UNICREDIT IRELAND**

### **HISTORY**

UniCredit Ireland was incorporated in Ireland on 7 November 1995 under the Irish Companies Act 1963 (as amended). UniCredit Ireland changed its name from Credito Italiano (Ireland) Limited to Credito Italiano Bank (Ireland) Limited on 19 December 1997 and received a banking licence from the Central Bank of Ireland on 24 December 1997 pursuant to section 9 of the Irish Central Bank Act 1971 (as amended). Registration as a public limited company was completed on 2 April 1998. UniCredit Ireland changed its name to UniCredito Italiano Bank (Ireland) p.l.c. on 1 November 1999 and to UniCredit Bank Ireland p.l.c. on 12 December 2007.

UniCredit Ireland is registered with the Registrar of Companies in Dublin under registration number 240551 and has its registered office at La Touche House, International Financial Services Centre, Dublin 1, Ireland, telephone number +353 1 670 2000.

UniCredit Ireland is an autonomous operating unit within the wider Group and as a fully owned subsidiary is subject to the coordination and support of the parent entity. This support extends to UniCredit Ireland's financial dependence as evidenced by UniCredit's injection of €2.2 billion in share capital and capital contributions to facilitate its ongoing trading activities.

### **BUSINESS**

UniCredit Ireland is engaged in the business of banking and provision of financial services. Its main business areas include credit and structured finance (including investing in loans, bonds, securitisation and other forms of asset financing), treasury activities (money market, repurchase agreements or "repos", Euro Over Night Index Average (EONIA) and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.

### **CORPORATE OBJECTS**

The purpose of UniCredit Ireland, as set out in Article 3 of the Articles of Association, is to carry on the business of banking.

### **RECENT EVENTS**

There are no recent events particular to UniCredit Ireland which are to a material extent relevant to an evaluation of UniCredit Ireland's solvency.

### **PRINCIPAL MARKETS**

In market terms, UniCredit Ireland focuses on the business of credit and structured finance, treasury activities and the issue of certificates of deposit and structured notes primarily in Europe and North America.

### **RECENT INVESTMENTS**

Except as disclosed in this Prospectus, UniCredit Ireland did not make significant investments since the date of the last published financial statements.

### **MATERIAL CONTRACTS**

UniCredit Ireland has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

## DIRECTORS

The following table sets forth the name, age, position and date of appointment of the current members of the Board of Directors of UniCredit Ireland:

### Description of UniCredit Ireland

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Year First Appointed</b>
Ronan Molony	53	Chairman	2008
Patrizio Braccioni	52	Deputy	2002
Stefano Vaiani	59	Managing	2004
Mirko Bianchi	50	Director	2010
Donal Courtney	48	Director	2010
Tom McAleese	48	Director	2010
Aldo Soprano	43	Director	2012
Pier Mario Satta	41	Director	2009

The business address for each of the foregoing directors is UniCredit Bank Ireland p.l.c., La Touche House, International Financial Services Centre, Dublin 1, Ireland.

The principal activities performed by the Directors outside UniCredit Ireland are set out briefly below:

**Ronan Molony – Chairman of UniCredit Bank Ireland p.l.c.** – Lawyer, partner in McCann FitzGerald and a director of Harbourmaster Property Developments Limited.

**Patrizio Braccioni – Deputy Chairman of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of UniCredit Audit (Ireland) Limited (In Voluntary Liquidation)
- Member of the Board of Directors of UniCredit Business Partner ScpA

**Stefano Vaiani – Managing Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of Club di Dublino Limited

**Mirko Bianchi – Director of UniCredit Bank Ireland p.l.c.**

**Donal Courtney – Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of Caperange Investments
- Member of the Board of Directors of Longreach Capital Partners Ireland 2
- Member of the Board of Directors of Longreach Holdings Ireland Limited
- Member of the Board of Directors of Pinecourt Consulting Limited
- Member of the Board of Directors of Sanne Capital Markets Ireland Limited
- Member of the Board of Directors of SRF Railcar Leasing Limited
- Member of Board of Directors of Camarack Financial Limited

**Tom McAleese – Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of AIG United Guaranty Re Limited
- Member of the Board of Directors of Dublin Chamber of Commerce Limited
- Member of the Board of Directors of Belhinch Limited
- Member of the Board of Directors of Clarity Advisory Limited

**Pier Mario Satta – Director of UniCredit Bank Ireland p.l.c.**

- Member of the Board of Directors of Assiom Forex

**Aldo Soprano - Director of UniCredit Bank Ireland p.l.c**

## **CONFLICTS OF INTERESTS**

UniCredit Ireland is not aware of any potential conflicts of interests between the duties to UniCredit Ireland of the foregoing directors and their private interests or other duties.

## **EXTERNAL AUDITORS**

At the annual general shareholders' meeting of UniCredit Ireland held on 8 March 2012, KPMG, Dublin was re-appointed to act as UniCredit Ireland's external auditor for a period of one year. UniCredit Ireland's external auditors are registered auditors with the Institute of Chartered Accountants in Ireland.

## **CAPITAL**

The authorised share capital of UniCredit Ireland is €1,343,118,650. There has been no change in the authorised share capital of UniCredit Ireland since 31 December 2011.

## DESCRIPTION OF UNICREDIT INTERNATIONAL LUXEMBOURG

### HISTORY

UniCredit International Luxembourg was incorporated in the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*) on 30 September 2004 under the name UniCredit International (Luxembourg) S.A.. By a resolution passed at an extraordinary general meeting of shareholders held on 29 October 2004, its articles of incorporation were amended and restated and its name was changed to UniCredit International Bank (Luxembourg) S.A. with effect from 1 November 2004. UniCredit International Luxembourg is incorporated for an unlimited duration.

UniCredit International Luxembourg is a credit institution and is supervised by the CSSF.

UniCredit International Luxembourg is registered with the Luxembourg trade and companies register under the number B.103.341 and has its registered office at 8-10 rue Jean Monnet, L-2180 Luxembourg, telephone number +352 22 08 42-1 (Switchboard).

UniCredit International Luxembourg is a wholly owned subsidiary of UniCredit and owns a 100 per cent. interest in a subsidiary named UniCredit Luxembourg Finance S.A., whose principal object is the issue of securities in the US market under a USD 10 billion medium term note programme guaranteed by UniCredit S.p.A..

### RECENT EVENTS

In the context of the reorganisation of UniCredit Group's banking activities in the Grand Duchy of Luxembourg, UniCredit International Luxembourg sold, with effect from 1 August 2009, all its Private Banking activities to UniCredit Luxembourg S.A. (formerly H.V.B. Luxembourg S.A.). There was no change in the legal structure of UniCredit International Luxembourg.

### BUSINESS

UniCredit International Luxembourg is engaged in the business of banking and the provision of financial services.

Following the transfer of all Private Banking activities to UniCredit Luxembourg S.A., the activities performed by UniCredit International Luxembourg are the following:

- selective investments for its own account;
- acting as the reference structure in Luxembourg for the strategic funding activities of the UniCredit Group;
- treasury services for institutional and corporate counterparties; and
- management of the remaining credit portfolio.

### RECENT INVESTMENTS

UniCredit International Luxembourg has not made any significant investments since the date of its last published financial statements as at and for the year ended 31 December 2011.

## CONSTITUTION

UniCredit International Luxembourg was incorporated pursuant to a notarial deed of Maître Frank Baden, a notary resident in Luxembourg, on 30 September 2004. The articles of incorporation of UniCredit International Luxembourg are published in the *Luxembourg Mémorial, Recueil des Sociétés et Associations* number C-No 1040 of 18 October 2004 on page 49877.

The articles of incorporation of UniCredit International Luxembourg were amended and restated following a notarial deed dated 29 October 2004 and are published, as amended, in the *Luxembourg Mémorial C, Recueil des Sociétés et Associations* No. 1183 of 20 November 2004 on page 56741. The articles of incorporation of UniCredit International Luxembourg were further amended by a decision taken during an extraordinary general meeting of shareholders held on 28 January 2010. Such decision was published in the *Luxembourg Mémorial C, Recueil des Sociétés et Associations* No 582 of 18 March 2010 on page 27928.

## CORPORATE OBJECTS

Pursuant to article 3 of UniCredit International Luxembourg's articles of incorporation, UniCredit International Luxembourg's corporate objects are the undertaking for its own account, as well as for the account of third parties, or on joint account with third parties, either within or outside the Grand Duchy of Luxembourg, of any banking or financial operations, including (but not limited to) the receipt of sight or term deposits in any currencies whatsoever, the granting of and taking of participations in credits of any nature and in any currency or currencies whatsoever and in any manner whatsoever, the trading of foreign currencies, the safekeeping and managing of securities, the administration and collection of coupons including the powers to make endorsement, the discount, rediscount, selling and settlement transactions, as well as any other transaction relating to bonds, notes, bills of exchange and other obligations of any kind and the power to issue and confirm letters of credit and documentary credits of any kind and the subscription, purchase, holding and disposal of shares, stock, bonds, notes and securities of any kind of and in any other company by any mean whatsoever, in the organisation and management for its own account, as well as for the account of any natural person or any Luxembourg or foreign company, either within or outside the Grand Duchy of Luxembourg, of any financial or commercial investment, the performance of any operation whatsoever relating to the activity of assets manager in the widest sense of the legislation on the financial sector and of the activities of financial adviser, broker and commissioner, the provision of fiduciary and domiciliation services.

UniCredit International Luxembourg can perform all other operations, whether industrial or commercial or on real estate, which directly or indirectly relate to its corporate object in order to facilitate the accomplishment of its purpose.

## MATERIAL CONTRACTS

UniCredit International Luxembourg has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

## DIRECTORS

UniCredit International Luxembourg is managed by a board of directors composed of at least three members who may, but need not also, be shareholders, who are appointed for a period not exceeding six years by the general meeting of shareholders which may at any time remove them. The directors are eligible for re-appointment.

UniCredit International Luxembourg complies with the laws and regulations of the Grand Duchy of Luxembourg regarding corporate governance.

The number of directors, their term and their remuneration are fixed by the general meeting of the shareholders. UniCredit International Luxembourg is bound *vis-à-vis* third parties by the sole signature of the Chairman, the Vice-Chairman, a Managing Director or by the joint signature of two other directors.

As at the date of this 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:

<b>Name</b>	<b>Title</b>	<b>Address</b>
Jacques Santer	Chairman	8-10, rue Jean Monnet, L-2180, Luxembourg
Philipp Waldstein	Vice-Chairman	1, via San Protaso, I-20121 Milan
Angelo Brizi	Director	4, rue Alphonse Weickert, L-2721 Luxembourg
Piero Bonarelli	Director	1, via San Protaso, I-20121 Milan
Alessandro Maldifassi	Director	1, via San Protaso, I-20121 Milan

The principal activities performed by the Directors outside UniCredit International Luxembourg are set out briefly below:

**Jacques Santer – Chairman of the Board of Directors**

– Honorary State Minister of the Grand Duchy of Luxembourg

**Philipp Waldstein – Vice-Chairman of the Board of Directors**

– Head of Strategic Funding and Portfolio – UniCredit S.p.A. Milan

**Angelo Brizi**

– C.E.O. of UniCredit S.A. Luxembourg

**Piero Bonarelli**

– Head of International Taxation – UniCredit S.p.A. Milan

**Alessandro Maldifassi**

– Accounting Principles and Disclosure – UniCredit S.p.A. Milan

**CONFLICT OF INTERESTS**

UniCredit International Luxembourg is not aware of any potential conflicts of interests between the duties to UniCredit International Luxembourg of the Directors and their private interests or other duties.

**EXTERNAL AUDITORS**

The statutory auditors (*réviseur d'entreprises agréé*) of UniCredit International Luxembourg who have audited the annual financial statements as at and for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011 without qualification, in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF together with Luxembourg legislation and the Practice Guidelines (*recommandations professionnelles*) issued by the CSSF and the Institut des réviseurs d'entreprises, are KPMG Luxembourg S.à r.l, 9, Allée Scheffer, L-2520 Luxembourg.

## 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 summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

### TAXATION IN THE REPUBLIC OF ITALY

#### Tax treatment of Notes issued by an Italian resident issuer

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian banks.

#### Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see under “Capital gains tax” below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 20 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the “status” of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), as clarified by the Italian Revenues Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such

Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax of 20 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Substitute Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

#### **Non-Italian resident Noteholders**

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

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

The countries which allow for a satisfactory exchange of information are listed in the Ministerial Decree dated 4 September 1996, as amended from time to time.

Please note that according to the Law No. 244 of 24 December 2007 (**Budget Law 2008**) a Decree still to be issued will introduce a new “white list” replacing the current “black list” system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international

bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

### **Tax treatment of Notes issued by a non-Italian resident issuer**

Decree 239 also provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by a non-Italian resident issuer.

### **Italian resident Noteholders**

Where the Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity, to which the relevant Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see *Capital Gains Tax*, below), (b) a non-commercial partnership, (c) a non-commercial private or public institution, or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 20 per cent. In the event that Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an Intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP).

Under the current regime provided by Decree 351, as clarified by the Italian Revenues Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is a Fund, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management result of the Fund. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by an Intermediary.

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

### **Non-Italian resident Noteholders**

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes issued by a non-Italian resident issuer, provided that, if such Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

### **Payments made by an Italian resident guarantor**

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 20 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In case of payments to non-Italian resident Noteholders, the final withholding tax may be applied at 20 per cent.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

### **Atypical securities**

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 20 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by an Italian resident issuer, where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected; (b) an Italian company or a similar Italian commercial entity; (c) a permanent establishment in Italy of a foreign entity; (d) an Italian commercial partnership; or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

If the Notes are issued by a non-Italian resident issuer, the withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (a) a company or similar commercial entity (including the Italian permanent establishment of foreign entities); (b) a commercial partnership; or (c) a commercial private or public institution.

### **Capital gains tax**

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non commercial partnership, (iii) a non commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. Noteholders may set off losses with gains.

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

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian real estate fund to which the provisions of Decree 351 as subsequently amended apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders of shareholders may be subject to the Collective Investment Fund Substitute Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

The countries which allow for a satisfactory exchange of information are listed in the Ministerial Decree dated 4 September 1996, as amended from time to time.

Please note that, according to the Budget Law 2008, a Decree still to be issued should introduce a new 'white list' replacing the current "black list" system, so as to identify those countries which (i) allow for a satisfactory exchange of information ; and (ii) do not have a more favourable tax regime.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes issued by an Italian resident issuer are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes issued by an Italian resident issuer.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Notes are held outside Italy.

### **Inheritance and gift taxes**

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

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, 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 €1,500,000.

### **Transfer tax**

Following the repeal of the Italian transfer tax, as from 31 December 2007, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €168.00; (ii) private deeds are subject to registration tax only in the case of voluntary registration.

### **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.1 per cent. for the year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than €34.20 and, for the year 2012 only, it cannot exceed €1,200. Although the stamp duty is already applicable, certain aspects of the relevant discipline are expected to be clarified by future guidelines.

Under a preliminary interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary.

### **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2011 and 2012, and at 0.15 per cent. for subsequent years.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due). Although the wealth tax is already applicable, certain aspects of the relevant discipline are expected to be clarified by future guidelines.

## EU Savings Directive

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

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

## Implementation in Italy of the Savings Directive

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

## TAXATION IN IRELAND

*The following is a summary (for Notes issued by UniCredit Ireland, unless otherwise stated) of the current Irish taxation law and practice with regard to the holders of the Notes. It is based on Irish taxation law and the practices of the Revenue Commissioners of Ireland (the **Revenue Commissioners**) as in force at the date of this 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 the ordinary course of a banking business in Ireland, such as that of UniCredit Ireland.

### Irish withholding tax on discounts

Irish withholding tax does not apply to discounts realised.

## Irish Deposit Interest Retention Tax (DIRT)

Irish licensed banks such as UniCredit Ireland are obliged to withhold DIRT from interest on relevant deposits, which may include the Notes. DIRT applies at a rate of 30 per cent. provided that interest on the relevant deposit is payable annually or at more frequent intervals. There are certain exemptions from the obligation to withhold DIRT:

- (a) a Note that is listed on a stock exchange is not a relevant deposit for this purpose and DIRT does not apply;
- (b) in relation to unlisted Notes, pursuant to the provisions of section 246A of the Taxes Consolidation Act of Ireland 1997 (**TCA 1997**), UniCredit Ireland will not be required to deduct DIRT from interest paid in respect of Notes where the Notes mature within two years provided the Notes continue to be held in Euroclear or Clearstream, Luxembourg (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners) and which have a minimum denomination of €500,000 or U.S.\$500,000 or, in the case of Notes which are denominated in a currency other than euros or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this programme);
- (c) in addition, the Irish Revenue Commissioners operate a published practice which remains in force and effect as of the date hereof whereby DIRT will not apply to interest on unlisted Notes with a maturity of more than two years provided certain conditions are fulfilled as follows:
  - (i) UniCredit Ireland will not sell any Notes to Irish residents and will not offer any Notes in Ireland;
  - (ii) each of the Managers, as a matter of contract, undertake to UniCredit Ireland that:
    - (A) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
    - (B) it has not offered, sold or delivered and will not offer, sell or deliver any Notes in Ireland or to any person, including any body corporate, resident in Ireland or whose usual place of abode is in Ireland (an **Irish Person**);
    - (C) it has not issued or distributed, and will not issue or distribute or cause to be issued or distributed, in Ireland or to any Irish Person, this 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 or Clearstream, Luxembourg (or any other clearing system recognised for this purpose by the Revenue Commissioners); and
  - (iv) the minimum denomination in which the Notes issue is made will be in denomination of €500,000 or its equivalent (such amount to be determined by reference to the relevant rate of exchange at the date of issuance); and
- (d) separately, where a person is the beneficial owner of Notes, is beneficially entitled to the interest thereon, is not an Irish Resident and has provided a declaration of non-Irish residence to UniCredit Ireland in the prescribed form, DIRT will not apply.

## **Encashment Tax**

Notes issued by UniCredit and UniCredit International Luxembourg may be within the charge of Irish encashment tax where interest is paid by an agent in Ireland. Encashment tax may also arise in respect of Notes issued by UniCredit Ireland that constitute quoted Eurobonds, where interest payments are collected or realised by an agent in Ireland on behalf of a Noteholder. A Note will be a quoted Eurobond if it is quoted on a recognised stock exchange and carries a right to interest. Encashment tax will arise at the standard rate of income tax (currently 20 per cent.) unless the person beneficially owning the Note and entitled to the interest thereon is not resident in Ireland, has provided a declaration in the prescribed form and the income is interest not deemed, under the provisions of Irish tax legislation, to be the income of another person that is an Irish resident. Where interest payments are made by or through a paying agent outside Ireland, no encashment tax arises. In the case of Notes issued by UniCredit Ireland that are not quoted Eurobonds, no encashment tax arises.

## **Irish Income tax**

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment. Interest on Notes may be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income would be technically liable to Irish income tax (and the Universal Social Charge (USC) where the income is received by an individual) unless an exemption is available.

Exemptions from Irish income tax under Section 198 TCA 1997 include:

- (a) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation agreement where that EU Member State or territory, as the case may be, imposes a tax that generally applies to interest receivable from sources outside that EU Member State or territory, as the case may be, or where the interest paid would be exempted from the charge to income tax under a double taxation agreement that is in effect or, if not yet in effect, that has been signed between Ireland and that EU Member State or territory, as the case may be; or
- (b) where the interest is paid on a quoted Eurobond and the recipient is resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation agreement; or
- (c) where the interest is paid on a Note and the interest is interest to which section 246A of the TCA 1997 applies (see (b) under Irish Deposit Interest Retention Tax above) and the recipient is a person who is resident in an EU Member State; or
- (d) where discounts arise to a person in respect of securities issued by a company in the ordinary course of trade or business where that person is resident in an EU Member State or in a territory with which Ireland has a double taxation agreement.

For this purpose, residence is determined under the terms of the relevant double taxation agreement, or in the case of a person resident in an EU Member State, the law of that Member State. Separately, Ireland's double taxation agreements may exempt interest from Irish tax when received by a resident of the other territory provided that certain procedural formalities are completed.

Where a liability to Irish income tax arises it has, in the past, been the practice of the Revenue Commissioners (as a consequence of the absence of a collection mechanism rather than adopted policy) not to seek to collect this liability from non-Irish resident persons unless the recipient of the interest has a

connection with Ireland. Examples of such a connection would include where the recipient has sought a claim for repayment of Irish tax deducted at source or where they are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of their interest in the Notes. Corporate noteholders who carry on a trade in Ireland through a branch or agency may be liable to Irish corporation tax where the Note is held in connection with the trade.

### **Capital Gains Tax**

A holder of the Notes who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held will not be liable to capital gains tax on the disposal of the Notes (including redemptions for cash or by way of exchange for shares).

### **Stamp Duty**

No stamp duty will be payable on the issue of the Notes provided that such Notes do not represent a charge or encumbrance on property situated in Ireland. No stamp duty will be payable on the transfer of the Notes by delivery. In the event of a written transfer of Notes no stamp duty is chargeable provided that the Notes:

- (a) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such right;
- (b) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
- (c) are issued for a price which is not less than 90 per cent. of their nominal value (thus bonds issued at a discount may not qualify for this exemption); and
- (d) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any instrument or other document relating to the Notes.

### **Capital Acquisitions Tax**

A gift or inheritance of the Notes will be within the charge to Irish Capital Acquisitions Tax if at the relevant date:

- (a) the donor (generally the person making the gift or inheritance of the Notes) is resident or ordinarily resident in Ireland; or
- (b) the beneficiary is resident or ordinarily resident in Ireland; or
- (c) the Notes are regarded as Irish property.

A foreign domiciled person will generally be regarded as resident or ordinarily resident only if that person was resident in Ireland for the five consecutive tax years immediately preceding the year in which the gift or inheritance was taken and that person is either resident or ordinarily resident in Ireland on the relevant date.

The Notes (for so long as they remain in bearer form) will not be regarded as situated in Ireland unless they are physically located in Ireland or, if registered, there is a register of such Notes in Ireland.

## **Savings Directive**

The Savings Directive has been enacted into Irish legislation. Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a “residual entity” then that interest payment is a “deemed interest payment” of the “residual entity” for the purpose of this legislation. A “residual entity”, in relation to “deemed interest payments”, must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the “deemed interest payments”.

**Residual entity** means a person or undertaking established in Ireland or in another Member State or in an “associated territory” to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 8 5/61 1/EC, or it is such an entity or it is an equivalent entity established in an “associated territory”, or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Savings Tax Directive. Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an “associated territory” and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an “associated territory”, applies since 1 July 2005. For the purposes of these paragraphs “associated territory” means Andorra, Liechtenstein, Monaco, San Marino, the Swiss Confederation, Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands.

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

## **TAXATION IN LUXEMBOURG**

The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

### **Withholding Tax**

#### **(a) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 35 per cent.. Responsibility for the withholding of the tax will be assumed by the Luxembourg Paying Agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

**(b) Resident holders of Notes**

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

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to a withholding tax of 10 per cent.

**TAXATION IN THE FEDERAL REPUBLIC OF GERMANY**

*The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this 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.*

*Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.*

## Tax Residents

The section “*Tax Residents*” refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

### *Withholding tax on ongoing payments and capital gains*

Ongoing income received by persons or entities holding the Notes as private assets will be subject to German withholding tax if the Notes are kept in a custodial account with or administrated by a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*) and such Disbursing Agent credits or pays out the income. The tax rate is 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon, the total withholding being 26.375 per cent.). If the private Noteholder is subject to church tax, a church tax surcharge may also be withheld.

The same treatment applies to capital gains (i.e. generally the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by a private Noteholder. Where Notes are issued in a currency other than Euro any currency gains or losses are part of the capital gains. If interest coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or interest claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge) on 30 per cent. of the disposal proceeds (plus interest accrued on the Notes (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the Savings Directive (e.g. Switzerland or Andorra).

In case of a physical settlement, generally the delivery of the underlying securities may qualify as taxable disposal of the Notes and acquisition of the securities. The current value of the delivered securities at the date of the exchange will be regarded as proceeds from the disposal. However in case of a physical settlement of certain Notes which fulfil certain legal requirements and grant the relevant Issuer or the private Noteholder the right to opt for physical delivery of underlying securities instead of a money payment, the acquisition costs of the Notes may be regarded as proceeds from the disposal, redemption, repayment or assignment of the Notes and hence as acquisition costs of the underlying securities received by the private Noteholder upon physical settlement; any consideration received by the Noteholders in addition to the underlying securities may be subject to withholding tax. To the extent the provision mentioned above is applicable, generally no withholding tax has to be withheld by the Disbursing Agent upon physical settlement as such exchange of the Notes into the underlying securities does not result in a taxable gain for the private Noteholder. However, withholding tax may then apply to any gain resulting from the disposal, redemption, repayment or assignment of the securities received in exchange for the Notes. In this case, the gain will be the difference between the proceeds from the disposal, redemption, repayment or assignment of the underlying securities and the acquisition costs of the Notes (after deduction of expenses related directly to the disposal, if any).

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income (i.e. capital losses) realised by the private Noteholder via the Disbursing Agent (e.g. losses from sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition

of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the private Noteholder in the custodial account with the Disbursing Agent.

Private Noteholders may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly) for all investment income received in a given year. The deduction of the actual income related expenses (other than transaction costs), if any, is not permitted. Upon the private Noteholder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Notes form part of a trade or business, subject to further requirements being met.

#### *Taxation of current income and capital gains*

The personal income tax liability of a private Noteholder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process or if the withholding tax on disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), the private Noteholder must and under certain circumstances may report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge and church tax thereon, where applicable). Further, a private Noteholder may request that all investment income of a given year is taxed at his or her lower private tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the private Noteholder realised in the same or the following years. Any losses realised upon the disposal of shares in stock corporations received in exchange for the Notes can only be offset against capital gains deriving from the disposal of shares.

Where Notes form part of a trade or business or the income from the Notes qualifies as income from the letting and leasing of property the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes form part of a trade or business, interest (accrued) must be taken into account as income. Where Notes qualify as zero bonds and form part of a trade or business, each year the part of the difference between the issue or purchase price and the redemption amount attributable to such year must be taken into account. The respective Noteholder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Noteholder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Noteholder. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax. Generally the deductibility of capital losses from the Notes which qualify for tax purposes as contracts for difference is limited. These losses may only be applied against profits from other contracts for difference derived in the same or, subject to certain restrictions, the previous year. Otherwise these losses can be carried forward indefinitely and applied against profits from contracts for difference in subsequent years.

In the case of physically settled Notes that form part of a trade or business, the delivery of the underlying securities would qualify as taxable disposal of the Notes and the corresponding capital gain will be subject to withholding tax. Special limitations may apply to losses from the disposal of an underlying which is a share in a corporation.

### **German Investment Tax Act**

German tax consequences different from those discussed above would arise if the respective Notes or the underlying securities delivered upon physical delivery were to be regarded as investment fund units within the meaning of the German Investment Tax Act. In such case, the withholding tax requirements for the Disbursing Agent as well as the taxation of the holder would depend on whether the disclosure and reporting requirements of the German Investment Tax Act were fulfilled. The Noteholder may be subject to tax on unrealised income or, in case the reporting and disclosure requirements are not fulfilled, on income deemed received on a lump-sum basis. Such income may be off-set against any capital gains realised upon disposal of the Notes or the underlying securities received, respectively, subject to certain requirements.

### **Non-residents**

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (a) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or (b) the income otherwise constitutes German-source income. In cases (a) and (b) a tax regime similar to that explained above under “*Tax Residents*” applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Note or an interest coupon are paid by a Disbursing Agent to a non-resident upon delivery of the Notes or interest coupons, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

### **Savings Directive**

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the Savings Directive into German law. These provisions apply from 1 July 2005.

## TAXATION IN AUSTRIA

*The following summary does not purport to be a comprehensive description of all Austrian tax considerations that may be relevant for the decision to acquire, to hold, and to dispose of the Notes and does not constitute legal or tax advice. The summary is based on Austrian tax law and practice and official interpretation currently in effect, all of which are subject to change. Future legislative, judicial or administrative changes could modify the tax treatment described below and could affect the tax consequences for investors (also with retroactive effect). Prospective investors should consult their own independent advisers as to the implications of their subscribing for, purchasing, holding, exchanging or disposing of the Notes under the laws of the jurisdictions in which they may be subject to tax (especially, but not limited to, the tax consequences relating to Index-Linked Notes, Equity-Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes, Inflation Index Linked Notes, Notes issued at a substantial discount or premium or Zero Coupon Notes). The discussion of certain Austrian taxes set forth below is included for information purposes only.*

This summary of Austrian tax issues is based on the assumption that the Notes are legally and actually publicly offered. Further this summary assumes that the Notes do not qualify as equity for Austrian tax purposes. The tax consequences may substantially differ if the Notes are qualified as equity instruments or (in particular if issued by a non-Austrian entity) units in a non-Austrian investment fund within the meaning of § 42(1) of the Austrian Investment Fund Act 2003 (*Investmentfondsgesetz 2003*, **InvFG 2003**).

### **Austrian tax resident individual investors**

Interest, capital gains and income from derivatives under the Notes realised by an investor resident in Austria for tax purposes are subject to Austrian income tax generally at a special tax rate of 25%.

If interest is paid by an Austrian paying agent (e.g. an Austrian credit institution or Austrian issuer) withholding tax at a rate of 25% is triggered. In relation to capital gains and income from derivatives withholding tax at a rate of 25% is triggered if the Notes are deposited with an Austrian depository (e.g. an Austrian credit institution or Austrian branch of a non-Austrian credit institution) or if the payments are made by an Austrian paying agent provided the non-Austrian depository is a non-Austrian branch or group company of such Austrian paying agent and processes the payment in cooperation with the Austrian paying agent. In the absence of an Austrian paying agent or depository the investor must include interest, capital gains or income from derivatives in the income tax return and such income is taxed at a rate of 25%. Capital gains and income from derivatives need to be included in the income tax return if realised as business income or employment income. An investor may apply for taxation at the progressive income tax rate. A deduction of expenses that are directly economically connected to income subject to the special tax rate of 25% is generally not allowed.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to Austria's loss of taxation right regarding the Notes vis-à-vis other countries, e.g., a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. sec. 27(6)(1) of the Austrian Income Tax Act).

A private individual investor holding the Notes as a non-business asset may file an application to offset losses from the Notes in the course of the tax assessment, however, limitations apply pursuant to which capital losses and negative income from derivatives may not be set-off against interest income from savings accounts and similar claims against credit institutions, from participations as a silent partner, income from Austrian or foreign private law foundations and comparable legal estates or other income categories (*Einkunftsarten*). Further, losses from Notes that qualify for the 25% tax rate may not be offset against income from Notes which do not qualify for the 25% tax rate (e.g. notes that were legally or actually not publicly offered).

As of 1 January 2013 an Austrian depository, if any, has to offset losses arising on the deposits of a private individual investor subject to and in accordance with the provisions of § 93(6) Austrian Income Tax Act (*Einkommensteuergesetz*, **EStG**) as well as to offset losses realised between 1 April 2012 and 31 December 2012 retroactively subject to and in accordance with the provisions of § 124b(207) EStG.

In the case of individual investors holding the Notes as business assets, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of 25%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

### **Austrian private foundation**

Private foundations pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in § 13(3) and § 13(6) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*, **KStG**) and holding Notes as a non-business asset are subject to interim taxation at a rate of 25% (which is, however, not levied in case the private foundation makes distributions to beneficiaries which are, inter alia, subject to Austrian withholding tax) with interest income, income from realised capital gains and income from derivatives. Under the conditions set forth in § 94(12) EStG no withholding tax is levied.

### **Austrian tax resident corporate investor**

A corporation subject to unlimited corporate income tax liability in Austria will be subject to Austrian corporate income tax at a rate of 25%. A corporation may file an exemption declaration in order to avoid that Austrian withholding tax is levied. Tax losses may generally be offset against all other income. Tax loss carry forwards are generally possible.

### **Non-Austrian tax resident investors**

Pursuant to § 98 EStG, interest, capital gains and income from derivatives received under the Notes by a non-resident investor for tax purposes are not subject to Austrian (corporate) income tax unless attributable to an Austrian located permanent establishment. An Austrian paying agent or depository may abstain from levying 25% withholding tax under the conditions set forth in § 94 (13) EStG.

### **Austrian EU-Source Tax Act**

Under the Austrian EU-Source Tax Act (*EU-Quellensteuergesetz*, **EU-QuStG**; implementing Council Directive 2003/48/EC of 3 June 2003), interest paid by an Austrian paying agent to an individual beneficial owner resident in another EU member state (or in certain dependent or associated territories) is subject to EU source tax at a rate of 35%. Interest within the meaning of the EU-QuStG is, among others, interest paid or credited to an account, relating to debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.

An exemption from EU source taxation applies, among others, if the beneficial owner of the interest forwards to the Austrian paying agent documentation issued by the tax office where the tax payer is resident, stating (i) the beneficial owner's name, address and tax or other identification number (in the absence of a tax or other identification number the beneficial owner's date and place of birth), (ii) the paying agent's name and address (iii) the beneficial owner's account number (or in the absence of an account number the security identification number). Further, EU source tax is not triggered if interest within the meaning of the

EU-QuStG is paid to an institution within the meaning of § 4(2) EU-QuStG resident in another EU Member State and this institution agrees in written form to enter into a simplified information exchange procedure with the Austrian paying agent. Special rules apply to notes the value of which depends directly on the value of a reference underlying. Distinction must be made between notes providing for capital protection to the investor (guaranteed interest is sufficient to constitute a capital protection within the present context) or not (see information of the Austrian Ministry of Finance dated 1 August 2005 for details).

### **Austrian inheritance and gift tax**

Austria does not levy an inheritance and gift tax.

However, certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation entrance tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Entrance Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer mortis causa, in particular for bank deposits, publicly placed bonds and portfolio shares (i.e., less than 1%). The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of 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 Entrance Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of penalties of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Notes can trigger income tax on the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act.

## OFFERING AND SALE

The Initial Dealer has entered into a programme agreement dated 26 June 2012 (as the same may be amended or supplemented, from time to time, in accordance with the terms thereof, the **Programme Agreement**), with the Issuers, which sets forth a basis upon which it may from time to time agree to purchase the Notes.

No action has been or will be taken by the Issuers or the Guarantor that would permit a public offering of any Notes or possession or distribution of any offering material in relation to any Notes in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Notes, or distribution of any offering material relating to any Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuers or the Guarantor.

### UNITED STATES

None of the Notes of any series, any guarantee thereof nor the Entitlements (if any), have been, or will be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or under any state securities laws and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission (the **CFTC**) under the United States Commodity Exchange Act, as amended (the **Commodity Exchange Act**). None of the Issuers nor the Guarantor has registered as an investment company pursuant to an exemption from the registration requirements of the United States Investment Company Act of 1940, as amended and the rules thereunder.

No Notes of any series, or interests therein or Entitlement with respect thereto, may be offered or sold in the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the **United States**) or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act) except to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. In addition, until the expiration of 40 days after the commencement of an offering of Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Initial Dealer has further agreed and each further Dealer in respect of an issue of Notes will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Notes at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any directed selling efforts with respect to the Notes and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Initial Dealer has agreed, and each further Dealer in respect of an issue of Notes will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such tranche as determined and certified as provided below in accordance with Rule 903 of Regulation S, within the United States or to, or for the account or benefit of, U.S. Persons. Each Dealer who has purchased Notes hereunder (or in the case of a sale of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Notes of such tranche. On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/Lead Manager of the end of the distribution compliance

period with respect to such tranche. Each Dealer also agrees that, at or prior to confirmation of sale of Notes, it will have sent to each Dealer to which it sells Notes a confirmation or other notice setting forth the restrictions on offers or sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons.

Prior to the delivery of the Entitlement in respect of a Physical Delivery Note the holder thereof will be required to represent that, inter alia, he is not a US Person, the Note was not exercised on behalf of a US Person and no cash, and in the case of Physical Delivery Notes, no securities or other property have been or will be delivered within the United States or to, or the account or benefit of, a US Person in connection with any exercise thereof (see "Annex 7 to the Terms and Conditions – *Additional Terms and Conditions for Physical Delivery Notes*").

Notes in bearer form are subject to US 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 US Treasury regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and US Treasury regulations thereunder.

#### **PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Initial 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 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

## UNITED KINGDOM

The Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes issued by UniCredit Ireland and/or UniCredit International Luxembourg which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA (i) (where the Issuer is UniCredit) would not apply to the Issuer if it was not an authorised person, or (ii) (where the Issuer is UniCredit Ireland or UniCredit International Luxembourg) does not apply to the Issuer and would not apply to the Guarantor if it was not an authorised person; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## REPUBLIC OF ITALY

As long as the relevant offering of the Notes has not been registered pursuant to Italian securities legislation, no Notes may be offered, sold or delivered, nor may copies of this 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 referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter *b*) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993 as amended (the **Italian Banking Act**); and
- (ii) in compliance with Article 129 of the Italian Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or other Italian authority.

*Investors should also note that in connection with the subsequent distribution of Notes (with a minimum denomination lower than €100,000 or its equivalent in another currency) in the Republic of Italy, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the intermediaries transferring the Notes being liable for any damages suffered by investors.*

## **IRELAND**

The Initial Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to further represent and agree) that:

- (a) it has not offered or sold and will not offer or sell any Notes except in conformity with the provisions of the Prospectus Directive and, where applicable, implementing measures in Ireland and the provisions of the Companies Acts 1963 to 2009 of Ireland and every other enactment that is to be read together with any of those Acts;
- (b) in respect of Notes issued by UniCredit Ireland which are not listed on a stock exchange and which do not mature within two years its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction, it will not knowingly offer to sell such Notes to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes. In addition, such Notes must be cleared through Euroclear or Clearstream, Luxembourg (or any other clearing system recognised for this purpose by the Revenue Commissioners) and have a minimum denomination of €500,000 or its equivalent at the date of issuance;
- (c) in respect of Notes issued by UniCredit Ireland which are not listed on a stock exchange and which mature within two years, such Notes must have a minimum denomination of €500,000 or 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 or Clearstream, Luxembourg (or any other clearing system recognised for this purpose by the Revenue Commissioners);
- (d) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (e) it has complied and will comply with all applicable provisions of the European Communities (Markets

in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland, as amended, with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and is acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 and it has complied with any applicable codes of conduct or practice made pursuant to implementing measures in respect of the foregoing Directive in any relevant jurisdiction; and

- (f) it has not offered or sold and will not offer or sell any Notes other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

## FRANCE

The Initial Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that:

### (a) Offer to the public in France:

it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the base prospectus all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

### (b) Private Placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

## JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the FIEA) and accordingly the Initial 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

Notes may only be offered and sold in Germany in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as amended from time to time, and in compliance with any other laws applicable in Germany governing the offer and sale of securities.

## LUXEMBOURG

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

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

## AUSTRIA

In addition to the cases described in the Public Offer Selling Restrictions under the Prospectus Directive in which the Notes may be offered to the public in an EEA Member State (including Austria), the Notes may be offered to the public in Austria only:

(i) if the following conditions have been satisfied:

- (a) the Base Prospectus, including any supplements but excluding any Final Terms, which has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) (the **FMA**) or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive, has been published at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public; and
- (b) the applicable Final Terms for the Notes have been published on or prior to the date of commencement of the relevant offer of the Notes to the public; and
- (c) a notification with the Oesterreichische Kontrollbank Aktiengesellschaft, all as prescribed by the Capital Market Act 1991 (*Kapitalmarktgesetz 1991*), as amended (the **CMA**), has been filed at least one Austrian bank working day prior to the commencement of the relevant offer of the Notes to the public; or

(ii) otherwise in compliance with the CMA.

For the purposes of this Austrian selling restriction, the expression **an offer of the Notes to the public** means the communication to the public in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## **GENERAL**

The Initial Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this 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 nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## **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 resolutions of the Board of Directors of UniCredit dated 29 May 2012, of the Programmes Committee of the Directors of UniCredit Bank Ireland p.l.c. dated 21 June 2012 and of the Board of Directors of UniCredit International Luxembourg dated 13 June 2012.

### **APPROVAL, LISTING AND ADMISSION TO TRADING**

Application has been made to the CSSF to approve this document as three base prospectuses. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

### **DOCUMENTS AVAILABLE**

For so long as the Notes issued under the Programme will be listed in Luxembourg, copies of the following documents will, when published, be available from the registered office of the relevant Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (i) the memorandum and articles of association (with an English translation where applicable) of each of the Issuers;
- (ii) the audited consolidated financial statements of UniCredit as at and for the financial years ended 31 December 2010 and 2011 (with an English translation thereof);
- (iii) the audited non-consolidated financial statements of UniCredit Ireland as at and for the financial year ended 31 December 2010 and audited non-consolidated financial statements of UniCredit Ireland as at and for the financial year ended 31 December 2011;
- (iv) the audited consolidated financial statements of UniCredit International Luxembourg as at and for the financial years ended 31 December 2010 and 31 December 2011 (with an English translation thereof); and
- (v) 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;

- (vi) the Programme Agreement, the Agency Agreement, the Deed of Guarantee (containing the terms of the guarantee applicable to the Notes issued by UniCredit Ireland and UniCredit International

Luxembourg) and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

- (vii) a copy of this Base Prospectus;
- (viii) any future prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (ix) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this 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 at [www.bourse.lu](http://www.bourse.lu).

## **CLEARING SYSTEMS**

The Notes 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 Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

## **CONDITIONS FOR DETERMINING PRICE**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

## **SIGNIFICANT OR MATERIAL CHANGE**

Except as disclosed in this Base Prospectus under "*Description of UniCredit and the UniCredit Group – Recent Developments*" above, there has been no significant change in the financial or trading position of UniCredit and the Group since 31 March 2012 and there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2011.

There has been no significant change in the financial or trading position of UniCredit Ireland since 31 December 2011 and there has been no material adverse change in the prospects of UniCredit Ireland since 31 December 2011.

There has been no significant change in the financial or trading position of UniCredit International Luxembourg since 31 December 2011 and there has been no material adverse change in the prospects of UniCredit International Luxembourg since 31 December 2011.

## LITIGATION

Except as disclosed in this Base Prospectus and in Note E to the Consolidated Accounts contained in the UniCredit Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2011, which are incorporated by reference in this Base Prospectus, none of the Issuers or the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the relevant Issuer or the Guarantor is aware) in the 12 months preceding the date of this document which, according to the information available at present, may have or have had in such period a significant effect on the financial position or profitability of the relevant Issuer, the Guarantor or the Group.

## EXTERNAL AUDITORS

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

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

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

The external auditors have no material interest in UniCredit.

The external auditors of UniCredit Ireland who have audited the annual financial statement for the financial years ended 31 December 2010 and 31 December 2011, and issued their opinions on the financial statements without qualification, in accordance with generally accepted auditing standards in Ireland are KPMG, 1 Harbourmaster Place, Dublin 1, Ireland.

UniCredit Ireland's external auditors are registered auditors with the Institute of Chartered Accountants in Ireland.

The external auditors have no material interest in UniCredit Ireland.

The independent auditors (*réviseur d'entreprises agréé*) of UniCredit International Luxembourg who have audited the annual financial statements as at and for the financial years ended 31 December 2010 and 31 December 2011 without qualification, in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF together with Luxembourg legislation and the Practice Guidelines (*recommandations professionnelles*) issued by the CSSF and the Institut des réviseurs d'entreprises are KPMG Luxembourg S.à r.l, 9, Allée Scheffer, L-2520 Luxembourg.

The statutory auditors have no material interest in UniCredit International Luxembourg.

KPMG Luxembourg S.à r.l, Cabinet de révision agréé is a member of the *Institut des Réviseurs d'Entreprises*.

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

#### **POST-ISSUANCE INFORMATION**

The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities, except if required by any applicable laws and regulations.

#### **DEALERS TRANSACTING WITH THE ISSUER**

Any further Dealer(s) appointed under the Programme (other than the Initial Dealer) and their affiliates may have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

**THE ISSUERS**

**UniCredit S.p.A.**  
Via A. Specchi, 16  
00186 Rome  
Italy

**UniCredit Bank Ireland p.l.c.**  
La Touche House  
International Financial Services Centre  
Dublin 1  
Ireland

**UniCredit International Bank (Luxembourg) S.A.**  
8-10 rue Jean Monnet  
L-2180  
Luxembourg

**THE GUARANTOR**

**UniCredit S.p.A.**  
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00186 Rome  
Italy

**INITIAL DEALER**

**UniCredit Bank AG**  
Arabellastrasse 12  
81925 Munich  
Germany

**ARRANGER**

**UniCredit S.p.A.**  
Via A. Specchi, 16  
00186 Rome  
Italy

**AGENTS**

**PRINCIPAL PAYING AGENT**

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**LISTING AGENT AND PAYING AGENT**

**KBL European Private Bankers S.A.**  
43, Boulevard Royal  
L-2955 Luxembourg  
Grand Duchy of Luxembourg

## **LEGAL ADVISERS**

*To the Issuers and the Guarantor  
as to English and Italian law*

### **Allen & Overy**

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Italy

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20121 Milan  
Italy

*as to Irish law*

### **McCann FitzGerald**

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25 Old Broad Street  
London EC2N 1HQ  
United Kingdom

*as to Luxembourg law*

### **Allen & Overy Luxembourg**

33 avenue J.F. Kennedy  
L-1855 Luxembourg

## **AUDITORS**

*Auditors of UniCredit*

### **KPMG S.p.A.**

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20124 Milan  
Italy

*Auditors of UniCredit Ireland*

### **KPMG**

1 Harbourmaster Place  
Dublin 1  
Ireland

*Auditors of UniCredit International Luxembourg*

### **KPMG Luxembourg S.à r.l**

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