

**THIRD SUPPLEMENT DATED 20 MARCH 2014**

**TO THE BASE PROSPECTUS DATED 5 JULY 2013**

**UNICREDIT S.p.A.**

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

and

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

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

and

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

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

**unconditionally and irrevocably guaranteed by**

**UNICREDIT S.p.A.**

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

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

This third supplement (the **Supplement**) to the Base Prospectus dated 5 July 2013, as previously supplemented by the first supplement dated 16 July 2013 and the second supplement dated 13 August 2013 (together, the **Base Prospectus**), constitutes a supplement for the purposes of Article 13.1 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act**) and is prepared in connection with the €60,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by UniCredit S.p.A. (**UniCredit** and, in the case of Notes issued by UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A., the **Guarantor**), 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**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuers and the Guarantor (which have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Purpose of the Supplement**

The purpose of the submission of this Supplement is to (i) update the "Documents Incorporated by Reference" section of the Base Prospectus to incorporate by reference certain recent press releases relating to UniCredit and the UniCredit Ireland's financial statements as at 31 December 2013, (ii) update the "Summary Note" section of the Base Prospectus, (iii) update the "Risk Factors" section of the Base

Prospectus, (iv) update the "Description of UniCredit and the UniCredit Group" section of the Base Prospectus with certain recent information available on UniCredit, (v) update the "Taxation in the Republic of Italy" section of the Base Prospectus, and (vi) update the "General Information" section of the Base Prospectus.

## **Documents Incorporated by Reference**

### **UniCredit press release regarding a change in the Moody's rating outlook**

On 18 February 2014, the rating agency Moody's affirmed UniCredit S.p.A.'s "Baa2" long-term debt and deposit ratings and changed the outlook to stable from negative. This follows the change in outlook to stable on the Republic of Italy's "Baa2" government bond rating on 14 February 2014.

A copy of the press release dated 19 February 2014 has previously been published and has been filed with the *Commission de Surveillance du Secteur Financier (CSSF)* and, by virtue of this Supplement, is incorporated by reference in its entirety in, and form part of, the Base Prospectus.

The following information set out in the press release shall be incorporated by reference in, and form a part of, the Base Prospectus:

<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
Press Release "Moody's changed UniCredit SpA's Baa2 rating outlook to stable" dated 19 February 2014	Entire Document	All

### **UniCredit press release regarding Group Results for the fourth quarter of 2013 and 2013 full year results**

On 11 March 2014, the UniCredit's Board of Directors approved the 2013 Group financial results as of and for the year ended 31 December 2013.

The Group's consolidated year-end financial statements will be audited by Deloitte & Touche S.p.A., UniCredit's external auditors, and are subject to the approval of UniCredit's shareholders at the general meeting to be held on 13 May 2014.

A copy of the press release dated 11 March 2014 relating to the UniCredit 2013 Group results has been filed with the CSSF and, by virtue of this Supplement, the sections of such press release identified in the table below are incorporated in, and form part of, the Base Prospectus:

<b>Documents</b>	<b>Information Incorporated (section heading)</b>	<b>Page Reference</b>
Press release "Guidelines of Strategic Plan 2013-2018, 4Q13 and FY13 Group Results" dated 11 March 2014		
	4Q13 and FY13 Results Highlights	pp 3-4
	Key Financial Data	p 5

	Addressing post crisis issues: achievements since 2010	p 6
	4Q13 and full year 2013 results	pp 12-14
	Results highlights	pp 14-20
	Declaration by the Senior Manager in charge of drawing up accounts	p 21
	UniCredit Group: Highlights	pp 23-27

The information contained in the sections of the press release dated 11 March 2014 that are not included in the cross-reference list above and are therefore not incorporated by reference in the Base Prospectus is not required by the relevant schedules of the Commission Regulation No. 809/2004, as amended (the **Prospectus Regulation**) or is covered elsewhere in the Base Prospectus.

### ***Board of Directors' resolutions***

On 11 March 2014, the UniCredit Board of Directors resolved to call an Ordinary and Extraordinary Shareholders' Meeting, to be held on 13 May 2014, to (1) approve the UniCredit individual financial statements for the year ended 31 December 2013, (2) present the consolidated financial statements of the Group for the year ended 31 December 2013, and (3) put forward certain other proposals, including, *inter alia*, (i) the increase of legal reserves, (ii) the allocation of the UniCredit results for the year ended 31 December 2013 and distribution of a dividend from profits reserves in the form of a scrip dividend and (iii) the appointment of a Substitute Statutory Auditor.

All the documentation to be submitted to the Shareholders' Meeting will be published as provided by law and will be made available on UniCredit's website.

On the same date, the Board of Directors of UniCredit approved, *inter alia*, (i) a capital increase for issuance of ordinary UniCredit shares under the share plan for talents and other mission-critical players and the 2011 and 2012 Group Incentive Systems, (ii) the assessment of the Directors' independence requirements, and (iii) the UniCredit annual report on corporate governance and ownership structures.

A copy of the press release dated 11 March 2014 has been filed with the CSSF and, by virtue of this Supplement, is incorporated by reference in its entirety in, and forms part of, the Base Prospectus.

The information set out in the following sections of the press release shall be incorporated in, and form part of, the Base Prospectus:

<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
Press Release "Board of Directors' resolutions" dated 11 March 2014	Entire Document	All

### **UniCredit Ireland Annual Report as at 31 December 2013**

UniCredit Ireland's 2013 financial statements as at and for the year ended 31 December 2013 audited by Deloitte & Touche were approved on 4 March 2014 (the **UniCredit Ireland Annual Report**).

A copy of the UniCredit Ireland Annual Report has been filed with the CSSF and, by virtue of this Supplement, the sections of such document identified in the table below are incorporated in, and form part of, the Base Prospectus:

<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
UniCredit Ireland Annual Report		
	Accounting Policies	pp 10-24
	Balance Sheet	pp 25-26
	Income Statement	p 27
	Statement of Comprehensive Income	p 28
	Statement of Changes in Shareholder's Equity	pp 29-30
	Cash Flow Statements	pp 31-32
	Notes to the Financial Statements	pp 33-77
	Independent Auditor's Report	pp 8-9

The information contained in the sections of the UniCredit Ireland Annual Report that are not included in the cross-reference list above and are therefore not incorporated by reference in the Base Prospectus is not required by the relevant schedules of the Prospectus Regulation or is covered elsewhere in the Base Prospectus.

## **Other Information**

### ***Summary Note***

The tables contained in Element B.17 in relation to UniCredit as Issuer and Element B.19 B.17 in relation to UniCredit as Guarantor have been updated to reflect the change from outlook negative to outlook stable on the long-term debt rating assigned by Moody's.

The tables contained in Element B.12 in relation to UniCredit Ireland as Issuer have been updated to reflect the approval of the UniCredit Ireland Annual Report and include comparative data as at 31 December 2013.

Element B.12 in relation to UniCredit as Issuer and Element B.19 B.12 in relation to UniCredit as Guarantor have been updated to reflect certain recent developments regarding UniCredit, as further described in the sections of the press release dated 11 March 2014 and titled "Guidelines of Strategic Plan 2013-2018, 4Q13 and FY13 Group Results" incorporated by reference herein.

Element D.2 has been updated to reflect the risks associated with the possibility of a failure in the implementation of the Group's 2013-2018 Strategic Plan and with the Goodwill Impairment Test.

The Summary Note of the Programme included in the Base Prospectus is deleted in its entirety and replaced with the information set out in Annex 1 hereto.

## ***Risk Factors***

The risk factor titled "The Group may be unable to fully implement its 2010-2015 Strategic Plan" on page 60 of the Base Prospectus in the paragraph titled "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" of the "Risk Factors" section thereof is hereby deleted in its entirety and replaced with the following text:

### ***"Risks related to the Goodwill Impairment Test***

As communicated in its press release of 11 March 2014, UniCredit booked €9.3 billion of impairment losses (of which € 8.0 billion of goodwill and €1.3 billion of customer relationships) in the fourth quarter of the 2013 financial year; as a result of these write-downs, the goodwill allocated to the Commercial Banking Italy, Commercial Banking Austria and Central Eastern Europe CGUs was written down in its entirety.

The main reasons that have led to the need for a goodwill impairment are related to the Group's new 2013-2018 Group strategic plan (the **Strategic Plan**) and the underlying macro scenario, which has been reviewed versus the one used in previous impairment test taking into consideration the recent developments of macro and financial KPIs. On top of that, also the increase of the Core Tier 1 ratio target to 10 per cent. in 2018, consistently with the Strategic Plan target, has been a key determinant of goodwill impairment.

It must also be emphasised that the parameters and information used to verify the recoverability of goodwill (in particular the expected cash flows for the various cash-generating CGUs<sup>1</sup>, and the discount rates used) are significantly influenced by the macroeconomic and market situation, which may be subject to currently unpredictable changes. The effect that these changes may have on the estimated cash flows of the different CGUs, as well as on the main assumptions made, could therefore lead to different results in the coming financial years with respect to those reported in UCG consolidated annual report as at 31 December 2013; consequently the results of the next sustainability tests on goodwill could show a recoverable amount less than the carrying value and therefore highlight the need to perform a further goodwill impairment.

### ***Risks connected with failure to implement the Strategic Plan***

On 11 March 2014, the Board of Directors of UniCredit approved the Strategic Plan which contains the following actions and objectives:

- The Strategic Plan envisages a separate reporting of the Italian non-core portfolio which includes assets defined as not strategic and not in line with Group risk appetite, managed through a dedicated team and tailored credit process (the **Non-Core Portfolio**); the Non-Core Portfolio consists of approximately €87 billion<sup>2</sup> in gross loans, including both performing (33 per cent.) and impaired loans (67 per cent.), of which more than 80 per cent. originated before 2009. UniCredit is the first bank in Italy to be fully operative on a segregated portfolio and to provide full transparency on the run-down process on a quarterly basis.
- The Strategic Plan of the core bank business is based on three key pillars:
  1. the multi-channel transformation of commercial bank in western European markets and UniCredit's position as a European leader in corporate banking in order to further enhance non-lending business;

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<sup>1</sup> The CGU (Cash Generating Unit) are the Business Segments related to Segment Reporting reported in Integrative Note Section L of UCG Consolidated Report at 30.06.2013 and at 31.12.2013.

<sup>2</sup> Pro-forma as including Trevi to be consolidated since January 2014

2. a strong focus on growth businesses such as selected CEE regions and capital-light businesses (like asset management and asset gathering), and
  3. consolidation of leadership position for the Corporate and Investment Banking (CIB) segment and of operational excellence.
- Investments spread through the Strategic Plan will drive network restructuring and digitalization in western Europe, foster growth in CEE and achieve group synergies.
  - Strict cost control will lead to cost savings on the time horizon of the Strategic Plan, thanks to dedicated initiatives targeting business simplification which include FTEs reductions.

The Strategic Plan is based on a series of estimates and projections relating to the occurrence of future events and actions that will have to be undertaken by the management on the time horizon of the Strategic Plan.

The main projections on which the Strategic Plan is based include those relating to the macroeconomic scenario, which cannot be influenced by the management, as well as hypothetical assumptions relating to the effects of specific actions or concerning future events which can only be partially influenced by the management and which may not happen or may change over the period of time covered in the plan. These circumstances could therefore mean that the actual results achieved may differ considerably from the forecasts, and could have significant repercussions on the Group's prospects.

In light of the uncertainty that characterises not only the projected data, but also the potential effects of the actions and managerial choices of the Group's management based on the Strategic Plan, investors are reminded that they should not make their investment decisions based exclusively on this data."

### ***Description of UniCredit and the UniCredit Group***

#### ***Major Shareholders***

The paragraph of the Base Prospectus titled "Major Shareholders" on page 250 thereof is deleted in its entirety and replaced with the information set out in Annex 2 hereto.

#### ***Proceedings relating to tax matters and proceedings related to actions by the Regulatory Authorities***

The paragraphs titled "Proceedings Related to Tax Matters" and "Proceedings related to actions by the Regulatory Authorities" from page 243 to page 249 of the Base Prospectus are deleted in their entirety and replaced with the information set out in Annex 3 hereto.

#### ***Recent Developments***

The following text will be added at the end of the paragraph titled "Recent Developments" on page 261 of the Base Prospectus.

### **"2013-2018 STRATEGIC PLAN"**

On 11 March 2014, the Board of Directors approved the Strategic Plan. A summary of information regarding the Strategic Plan published by UniCredit in the press release dated 11 March 2014 is set out below.

Since 2010, UniCredit's main focus has been on strengthening its capital, de-risking its balance sheet, restoring a sound liquidity profile and reducing complexity and costs.

At year-end 2013, UniCredit had a strong capital base with a CET1 ratio Basel 3 phased-in of 10.4 per cent. (9.4 per cent. fully loaded<sup>3</sup> including the gain from the valuation of the stake in Banca d'Italia), a sound balance sheet (19x leverage ratio<sup>4</sup> vs. 32x in 2008), a reduced funding gap (€29 billion vs. €163 billion in 2008) and an impaired loan coverage ratio of 52 per cent.

A revised risk management framework has been put in place, with more prudent underwriting processes, disciplined monitoring and streamlined workout processes. The Non-Core Portfolio is segregated in a new dedicated organisational structure, which has been up and running since April 2013 and engages 1,100 dedicated professionals

The Strategic Plan envisages a separate reporting of the Non-Core Portfolio which consists of approximately €87 billion<sup>5</sup> in gross loans, including both performing (33 per cent.) and impaired loans (67 per cent.) of which more than 80 per cent originated before 2009. UniCredit is the first bank in Italy to be fully operative on a segregated portfolio and to provide full transparency on the rundown process on a quarterly basis.

The three key pillars supporting the core bank are: 1) the multi-channel transformation of commercial bank in western European markets and UniCredit's positioning as a European leader in corporate banking; 2) a strong focus on growth businesses such as selected CEE regions and capital-light businesses, and 3) consolidation of CIB leadership and of operational excellence.

The Strategic Plan provides for investments of €4.5 billion spread throughout the 2013-2018 period, to drive network restructuring and digitalization in western Europe, foster growth in CEE and achieve group synergies.

The Strategic Plan also provides for strict cost control measures including dedicated initiatives targeting business simplification, which include FTEs reductions.

As part of its active portfolio management, the Strategic Plan envisions that UniCredit will list Fineco on the market to further accelerate its growth. In parallel, it will explore the potential disposal of UniCredit Credit Management Bank (UCCMB), the largest collections platform in Italy, to a specialised player, enabling UniCredit to extract additional value by enhancing collections. The effects of these potential transactions are not factored into the Strategic Plan. "

## ***Taxation***

### ***Taxation in the Republic of Italy***

The section of the Base Prospectus titled "Taxation in the Republic of Italy" on pages 272 to 278 of the Base Prospectus is deleted in its entirety and replaced with the information set out in Annex 4 hereto.

## ***General Information***

### ***Significant or Material Change***

The paragraph of the Base Prospectus titled "Significant or Material Change" on pages 305 to 306 thereof is deleted in its entirety and replaced with the following text:

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<sup>3</sup> CET1 ratio Basel III phased-in (10.4 per cent. as of December 2013) is an estimate based on the current understanding of the regulatory framework in force in 2014 and on the outputs of certain models not yet formally approved by the Competent Authorities. CET1 ratio Basel 3 fully loaded (9.4 per cent. as of December 2013) is estimated on the basis of current understanding of the regulatory framework which will be in force starting from 2019, hence anticipating all the effects that will gradually be factored in

<sup>4</sup> Calculated as the ratio of Total Assets net of Goodwill and Other Intangible Assets (numerator) and Equity (including Minorities) net of Goodwill and Other Intangible Assets (denominator).

<sup>5</sup> Pro-forma for the inclusion of Trevi which will be consolidated starting from 1 January 2014.

Since 30 September 2013, UniCredit Group reports a fourth quarter of the 2013 net result of -€15.0 billion (-€14.0 billion in FY13) mostly attributable to non-recurring items, driven by revised macroeconomic assumptions and a tougher regulatory framework and to lay the foundations of the success of the Strategic Plan.

Furthermore, save with regard to the net result of -€15.0 billion reported for the fourth quarter of the 2013 financial year (-€14.0 billion for the 2013 financial year) which is mostly attributable to non-recurring items, driven by revised macroeconomic assumptions and a tougher regulatory framework and in order to lay the foundations of the success of the Strategic Plan, there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2012.

There has been no significant change in the financial or trading position of UniCredit Ireland since 31 December 2013 and there has been no material adverse change in the prospects of UniCredit Ireland since 31 December 2013.

There has been no significant change in the financial or trading position of UniCredit International Luxembourg since 31 December 2012 and there has been no material adverse change in the prospects of UniCredit International Luxembourg since 31 December 2012."

## **General**

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

Copies of this Supplement and all documents incorporated by reference in the Base Prospectus can be obtained 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 as described on page 78 of the Base Prospectus. Copies of this Supplement and all documents incorporated by reference in the Base Prospectus will also be published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

In accordance with Article 13.2 of Chapter 1 of Part II of the Prospectus Act, investors who have agreed to purchase or subscribe for Notes issued under the Programme before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire by close of business on 24 March 2014.



## ANNEX 1

### SUMMARY NOTE

#### Summary of the Programme

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

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

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

#### Section A – Introduction and warnings

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

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

#### Section B – Issuers and Guarantor

Element	Title	
[B.1]	Legal and commercial name of the Issuer	UniCredit S.p.A. ( <b>UniCredit</b> )
B.2	Domicile/ legal form/ legislation/ country of incorporation	UniCredit is a <i>Società per Azioni</i> incorporated under the laws of the Republic of Italy and domiciled in the Republic of Italy with registered office at Via A. Specchi 16, 00186, Rome, Italy.

Element	Title																															
B.4b	Trend information	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.																														
B.5	Description of the Group	The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Banking Law under number 02008.1 (the <b>Group</b> or the <b>UniCredit Group</b> ) 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 ( <b>CEE</b> ) countries. 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 ( <i>bancassurance</i> ).																														
B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.																														
B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.																														
B.12	<p><b>Selected historical key financial information:</b></p> <p><i>Income Statement</i></p> <p>The table below sets out summary information extracted from the audited consolidated annual financial statements as at and for each of the financial years ended 31 December 2012 and 31 December 2011 for the UniCredit Group:</p>																															
	€ millions	<table> <tr> <th>Year ended 31 December 2012<sup>(**)</sup></th><th>Year ended 31 December 2012<sup>(*)</sup></th><th>Year ended 31 December 2011<sup>(*)</sup></th></tr> <tr> <td>Operating income</td><td>25,379</td><td>25,049</td></tr> <tr> <td>of which:</td><td></td><td></td></tr> <tr> <td>- net interest</td><td>14,120</td><td>14,285</td></tr> <tr> <td>- dividends and other income from equity investments</td><td>397</td><td>397</td></tr> <tr> <td>- net fees and commissions</td><td>7,793</td><td>7,793</td></tr> <tr> <td>Operating costs</td><td>(14,979)</td><td>(14,979)</td></tr> <tr> <td>Operating profit</td><td>10,400</td><td>10,070</td></tr> <tr> <td>Profit (loss) before tax</td><td>317</td><td>317</td></tr> <tr> <td>Net profit (loss) attributable to the Group</td><td>865</td><td>865</td></tr> </table>	Year ended 31 December 2012 <sup>(**)</sup>	Year ended 31 December 2012 <sup>(*)</sup>	Year ended 31 December 2011 <sup>(*)</sup>	Operating income	25,379	25,049	of which:			- net interest	14,120	14,285	- dividends and other income from equity investments	397	397	- net fees and commissions	7,793	7,793	Operating costs	(14,979)	(14,979)	Operating profit	10,400	10,070	Profit (loss) before tax	317	317	Net profit (loss) attributable to the Group	865	865
Year ended 31 December 2012 <sup>(**)</sup>	Year ended 31 December 2012 <sup>(*)</sup>	Year ended 31 December 2011 <sup>(*)</sup>																														
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Profit (loss) before tax	317	317																														
Net profit (loss) attributable to the Group	865	865																														

Element	Title	
	<p>(*) As published in "2012 Consolidated Reports and Accounts"</p> <p>(**) Recasted. Restatement of interest income from impaired assets whose book value was written down/back as the result of the passing of time from item "Net interest" (Operating income) to item "Net write-downs on loans and provisions for guarantees and commitments" (Operating profit), following the reclassification carried out by three Group companies in the first half of 2013.</p> <p>The table below sets out summary information extracted from the consolidated interim report as at 30 June 2013 and 30 June 2012 for the UniCredit Group:</p>	
	<i>€ millions</i>	<b>30 June 2013</b>  <b>30 June 2012</b>
	Operating income	12,497
	of which:	13,357
	- net interest	7,303
	- dividends and other income from equity investments	223
	- net fees and commissions	3,918
	Operating costs	(7,571)
	Operating profit	5,786
	Profit before tax	2,477
	Net profit (loss) attributable to the Group	1,083
	<p align="center"><b>Statement of Financial Position</b></p> <p>The table below sets out summary information extracted from UniCredit Group's audited statement of financial positions as at 31 December 2012 and 31 December 2011:</p>	
	<i>€ millions</i>	<b>Year ended 31 December 2012<sup>(*)</sup></b>  <b>Year ended 31 December 2011<sup>(*)</sup></b>
	Total assets	926,827
	Financial assets held for trading	120,374
	Loans and receivables with customers	555,946
	of which:	
	- impaired loans	38,806
	Financial liabilities held for trading	111,386
	Deposits from customers and debt securities in issue	557,448
	of which:	

Element	Title		
	- deposits from customers	409,514	395,288
	- securities in issue	170,451	162,160
	Shareholders' Equity	62,784	51,479
	<sup>(*)</sup> As published in "2012 Consolidated Reports and Accounts".  The table below sets out summary information extracted from the consolidated interim report as at 30 June 2013, 31 December 2012 and 30 June 2012 for the UniCredit Group <sup>(*)</sup> :		
		<b>30 June 2013</b>	<b>31 December 2012<sup>(*)</sup></b>
	Total assets	889,632	926,838
	Financial assets held for trading	93,772	107,119
	Loans and receivables with customers	532,771	547,144
	of which:		
	- impaired loans	46,215	44,058
	Financial liabilities held for trading	77,216	99,123
	Deposits from customers and debt securities in issue	564,750	579,965
	of which:		
	- deposits from customers	405,221	409,514
	- securities in issue	159,529	170,451
	Shareholders' Equity	61,322	61,579
	<sup>(*)</sup> Recasted. Please note that on 1 January 2013 the amendments to IAS 19 ("IAS 19R") came into force. The first time application on the accounting standard required the restatement of previous periods beginning on or after 1 January 2012.  The figures in these tables refer to reclassified balance sheet.		
	<b><i>Statements of no significant or material adverse change</i></b>  Since 30 September 2013, UniCredit Group reports a fourth quarter of the 2013 net result of -€15.0 billion (-€14.0 billion in FY13) mostly attributable to non-recurring items, driven by revised macroeconomic assumptions and a tougher regulatory framework and to lay the foundations of the success of the Strategic Plan 2013-2018.  Furthermore, save with regard to the net result of -€15.0 billion reported for the fourth quarter of the 2013 financial year (-€14.0 billion for the 2013 financial year) which is mostly attributable to non-recurring items, driven by revised macroeconomic assumptions and a tougher regulatory framework and in order to lay the foundations of the success of the Strategic Plan 2013-2018, there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2012.		

Element	Title																					
B.13	Events impacting the Issuer's solvency	Not Applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.																				
B.14	Dependence upon other group entities	UniCredit is the parent company of the UniCredit Group and carries out, in addition to banking activities, organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.  Please also see Element B.5 above																				
B.15	Principal activities	UniCredit, as a bank which undertakes management and co-ordination activities for the UniCredit Group, pursuant to the provisions of Article 61 of Legislative Decree No. 385 of 1 September 1993, as amended (the <b>Italian Banking Act</b> ), 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.																				
B.16	Controlling shareholders	Not Applicable - No individual or entity controls the Issuer within the meaning provided for in Article 93 of the Legislative Decree No. 58 of 24 February 1998, as amended.																				
B.17	Credit ratings	UniCredit S.p.A. has been rated: <table><thead><tr><th>Description</th><th>Standard &amp; Poor's</th><th>Moody's</th><th>Fitch ratings</th></tr></thead><tbody><tr><td>Short Term Counterparty Credit Rating</td><td>A-2</td><td>P-2</td><td>F2</td></tr><tr><td>Long Term Counterparty Credit Rating</td><td>BBB</td><td>Baa2</td><td>BBB+</td></tr><tr><td>Outlook</td><td>negative</td><td>stable</td><td>negative</td></tr><tr><td>Standalone Rating</td><td>bbb</td><td>D+</td><td>bbb+</td></tr></tbody></table> <p>[The Notes [have been/are expected to be] rated [<i>specify rating(s) of Tranche being issued</i>] by [<i>specify rating agent(s)</i>].]</p> <p>[A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]</p> <p>[No ratings have been assigned to the Notes at the request of or with the co-operation of the Issuer in the rating process.]]</p>	Description	Standard & Poor's	Moody's	Fitch ratings	Short Term Counterparty Credit Rating	A-2	P-2	F2	Long Term Counterparty Credit Rating	BBB	Baa2	BBB+	Outlook	negative	stable	negative	Standalone Rating	bbb	D+	bbb+
Description	Standard & Poor's	Moody's	Fitch ratings																			
Short Term Counterparty Credit Rating	A-2	P-2	F2																			
Long Term Counterparty Credit Rating	BBB	Baa2	BBB+																			
Outlook	negative	stable	negative																			
Standalone Rating	bbb	D+	bbb+																			

Element	Title	
[B.1]	Legal and commercial name of the Issuer	UniCredit Bank Ireland p.l.c. ( <b>UniCredit Ireland</b> )
B.2	Domicile/ legal form/ legislation/ country of incorporation	UniCredit Ireland is a limited liability company incorporated under the laws of Ireland and domiciled in Ireland with registered office at La Touche House, International Financial Services Centre, Dublin 1,

Element	Title																																		
		Ireland.																																	
<b>B.4b</b>	<b>Trend information</b>	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.																																	
<b>B.5</b>	<b>Description of the Group</b>	The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Banking Law under number 02008.1 (the <b>Group</b> or the <b>UniCredit Group</b> ) 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 ( <b>CEE</b> ) countries. 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 ( <i>bancassurance</i> ).																																	
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.																																	
<b>B.10</b>	<b>Audit report qualifications</b>	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.																																	
<b>B.12]</b>	<p align="center"><b>Selected historical key financial information:</b></p> <p align="center"><i>Income Statement</i></p> <p>The table below sets out summary information extracted from the audited annual financial statements as at and for each of the financial years ended 31 December 2013 and 31 December 2012 for UniCredit Ireland:</p> <table> <tr> <th>UniCredit Ireland</th><th colspan="2">As at</th></tr> <tr> <th><i>€ millions</i></th><th><b>31 December 2013</b></th><th><b>31 December 2012</b></th></tr> <tr> <td>Operating income</td><td align="right">56</td><td align="right">105</td></tr> <tr> <td>of which:</td><td></td><td></td></tr> <tr> <td>- net interest</td><td align="right">89</td><td align="right">102</td></tr> <tr> <td>- dividends and other income from equity investments</td><td></td><td></td></tr> <tr> <td>- net fees and commissions</td><td align="right">(18)</td><td align="right">(14)</td></tr> <tr> <td>Operating costs</td><td align="right">(7)</td><td align="right">(7)</td></tr> <tr> <td>Operating profit</td><td align="right">49</td><td align="right">98</td></tr> <tr> <td>Profit (loss) before tax</td><td align="right">54</td><td align="right">95</td></tr> <tr> <td>Net profit (loss)</td><td align="right">47</td><td align="right">82</td></tr> </table>		UniCredit Ireland	As at		<i>€ millions</i>	<b>31 December 2013</b>	<b>31 December 2012</b>	Operating income	56	105	of which:			- net interest	89	102	- dividends and other income from equity investments			- net fees and commissions	(18)	(14)	Operating costs	(7)	(7)	Operating profit	49	98	Profit (loss) before tax	54	95	Net profit (loss)	47	82
UniCredit Ireland	As at																																		
<i>€ millions</i>	<b>31 December 2013</b>	<b>31 December 2012</b>																																	
Operating income	56	105																																	
of which:																																			
- net interest	89	102																																	
- dividends and other income from equity investments																																			
- net fees and commissions	(18)	(14)																																	
Operating costs	(7)	(7)																																	
Operating profit	49	98																																	
Profit (loss) before tax	54	95																																	
Net profit (loss)	47	82																																	

Element	Title	
	<b>Statement of Financial Position</b>  The table below sets out summary information extracted from for UniCredit Ireland audited statement of financial position as at 31 December 2013 and 31 December 2012:	
	<b>€ millions</b>	<b>31 December 2013</b>  <b>31 December 2012</b>
	Total assets	26,206 27,155
	Financial assets held for trading	3 35
	Loans and receivables with customers	1,669 2,002
	of which:	
	- impaired loans	- -
	Financial liabilities held for trading	1 1
	Deposits from customers and debt securities in issue	7,313 6,389
	of which:	
	- deposits from customers	1,576 1,646
	- securities in issue	5,737 4,743
	Shareholders' Equity	2,123 1,765
	<b>Statements of no significant or material adverse change</b>  There has been no significant change in the financial or trading position of UniCredit Ireland since 31 December 2013 and there has been no material adverse change in the prospects of UniCredit Ireland since 31 December 2013.	
<b>B.13</b>	<b>Events impacting the Issuer's solvency</b>	Not Applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.



Element	Title	
<b>B.14</b>	<b>Dependence upon other group entities</b>	<p>UniCredit Ireland is an autonomous operating unit within the wider Group and as a fully owned subsidiary is subject to the coordination and support of the parent entity. This support extends to UniCredit Ireland's financial dependence as evidenced by UniCredit's injection of €2.2 billion in share capital and capital contributions to facilitate its ongoing trading activities.</p> <p>Please also see Element B.5 above</p>
<b>B.15</b>	<b>Principal activities</b>	<p>UniCredit Ireland is engaged in the business of banking and provision of financial services. Its main business areas include credit and structured finance (including investing in loans, bonds, securitisation and other forms of asset financing), treasury activities (money market, repurchase agreements or "repos", Euro Over Night Index Average (EONIA) and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.</p>
<b>B.16</b>	<b>Controlling shareholders</b>	<p>UniCredit Ireland is a wholly owned subsidiary of UniCredit S.p.A.</p>
<b>B.17</b>	<b>Credit ratings</b>	<p>The Issuer is not rated.</p> <p>[The Notes [have been/are expected to be] rated [<i>specify rating(s) of Tranche being issued</i>] by [<i>specify rating agent(s)</i>].]</p> <p>[A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]</p> <p>[No ratings have been assigned to the Notes at the request of or with the co-operation of the Issuer in the rating process.]]</p>
Element	Title	
<b>[B.1]</b>	<b>Legal and commercial name of the Issuer</b>	<p>UniCredit International Bank (Luxembourg) S.A. (<b>UniCredit International Luxembourg</b>).</p>
<b>B.2</b>	<b>Domicile/ legal form/ legislation/ country of incorporation</b>	<p>UniCredit International Luxembourg is a public limited liability company (<i>société anonyme</i>) incorporated under the laws of the Grand Duchy of Luxembourg and domiciled in Luxembourg with registered office at 8-10 rue Jean Monnet, L-2180 Luxembourg.</p>
<b>B.4b</b>	<b>Trend information</b>	<p>Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.</p>
<b>B.5</b>	<b>Description of the Group</b>	<p>The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Banking Law under number 02008.1 (the <b>Group</b> or the <b>UniCredit Group</b>) 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 (<b>CEE</b>) countries. 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</p>

Element	Title																																											
		distribution of certain life insurance products through bank branches ( <i>bancassurance</i> ).																																										
B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.																																										
B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.																																										
B.12	<p><b>Selected historical key financial information:</b></p> <p><i>Income Statement</i></p> <p>The table below sets out summary information extracted from the audited consolidated annual financial statements as at and for each of the financial years ended 31 December 2012 and 31 December 2011 for UniCredit Luxembourg:</p> <table> <tr> <th>UniCredit Luxembourg</th><th colspan="2">As at</th></tr> <tr> <th>€ millions</th><th>Year ended 31 December 2012</th><th>Year ended 31 December 2011</th></tr> <tr> <td>Operating income of which:</td><td>13</td><td>13</td></tr> <tr> <td>-net interest</td><td>12</td><td>13</td></tr> <tr> <td>Operating costs</td><td>(5)</td><td>(5) Operating</td></tr> <tr> <td>Profit</td><td>8</td><td>8</td></tr> <tr> <td>Profit (loss) before tax</td><td>8</td><td>8</td></tr> <tr> <td>Net profit (loss)</td><td>6</td><td>6</td></tr> </table> <p><i>Statement of Financial Position</i></p> <p>The table below sets out summary information extracted from for UniCredit Luxembourg's audited statement of financial position as at 31 December 2012 and 31 December 2011:</p> <table> <tr> <th>€ millions</th><th>Year ended 31 December 2012</th><th>Year ended 31 December 2011</th></tr> <tr> <td>Total assets</td><td>3,030</td><td>3,850</td></tr> <tr> <td>Financial assets held for trading</td><td>1</td><td>-</td></tr> <tr> <td>Loans and receivables with customers</td><td>105</td><td>99</td></tr> <tr> <td>Financial liabilities held for trading</td><td>1</td><td>-</td></tr> <tr> <td>Deposits from customers and debt securities in issue of which:</td><td>2,278</td><td>3,181</td></tr> </table>		UniCredit Luxembourg	As at		€ millions	Year ended 31 December 2012	Year ended 31 December 2011	Operating income of which:	13	13	-net interest	12	13	Operating costs	(5)	(5) Operating	Profit	8	8	Profit (loss) before tax	8	8	Net profit (loss)	6	6	€ millions	Year ended 31 December 2012	Year ended 31 December 2011	Total assets	3,030	3,850	Financial assets held for trading	1	-	Loans and receivables with customers	105	99	Financial liabilities held for trading	1	-	Deposits from customers and debt securities in issue of which:	2,278	3,181
UniCredit Luxembourg	As at																																											
€ millions	Year ended 31 December 2012	Year ended 31 December 2011																																										
Operating income of which:	13	13																																										
-net interest	12	13																																										
Operating costs	(5)	(5) Operating																																										
Profit	8	8																																										
Profit (loss) before tax	8	8																																										
Net profit (loss)	6	6																																										
€ millions	Year ended 31 December 2012	Year ended 31 December 2011																																										
Total assets	3,030	3,850																																										
Financial assets held for trading	1	-																																										
Loans and receivables with customers	105	99																																										
Financial liabilities held for trading	1	-																																										
Deposits from customers and debt securities in issue of which:	2,278	3,181																																										

Element	Title		
	- deposits from customers	303	436
	- securities in issue	1,974	2,745
	Shareholders' Equity	244	214
	<p style="text-align: center;"><b>Statements of no significant or material adverse change</b></p> <p>There has been no significant change in the financial or trading position of UniCredit International Luxembourg since 31 December 2012 and there has been no material adverse change in the prospects of UniCredit International Luxembourg since 31 December 2012.</p>		
<b>B.13</b>	<b>Events impacting the Issuer's solvency</b>	Not Applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.	
<b>B.14</b>	<b>Dependence upon other group entities</b>	<p>UniCredit International Luxembourg is a wholly owned subsidiary of UniCredit and owns a 100 per cent. interest in a subsidiary named UniCredit Luxembourg Finance S.A., whose principal object is the issue of securities in the US market under a USD 10 billion medium term note programme guaranteed by UniCredit S.p.A.</p> <p>Please also see Element B.5 above</p>	
<b>B.15</b>	<b>Principal activities</b>	<p>UniCredit International Luxembourg is engaged in the business of banking and the provision of financial services. Its main business areas include treasury activities (money market, repurchase agreements or “repos”, interest rate swaps, foreign exchange), issue of certificates of deposit and structured notes, selective investments for its own account, treasury services for institutional and corporate counterparties, management of the remaining credit portfolio.</p>	
<b>B.16</b>	<b>Controlling shareholders</b>	UniCredit International Luxembourg is a wholly owned subsidiary of UniCredit.	
<b>B.17</b>	<b>Credit ratings</b>	<p>The Issuer is not rated.</p> <p>[The Notes [have been/are expected to be] rated [<i>specify rating(s) of Tranche being issued</i>] by [<i>specify rating agent(s)</i>].]</p> <p>[A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]</p> <p>[No ratings have been assigned to the Notes at the request of or with the co-operation of the Issuer in the rating process.]</p>	
<b>[B.18]</b>	<b>Description of the Guarantee</b>	<p>[The Notes issued by [UniCredit Ireland] [UniCredit International Luxembourg] will be unconditionally and irrevocably guaranteed by the Guarantor.]</p> <p>[[<i>To include in the case of Senior Notes:</i>]The obligations of the Guarantor under its guarantee will be direct, unconditional and unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated</p>	

Element	Title							
		<p>obligations, if any) of the Guarantor from time to time outstanding.]</p> <p>[[To include in the case of Subordinated Notes issued by UniCredit Ireland:]The obligations of the Guarantor under its guarantee will constitute, direct, unsecured and subordinated obligations of the Guarantor.]</p> <p>[Not Applicable]]</p>						
[B.19	Information about the Guarantor							
B.19 B.1	Legal and commercial name of the Guarantor	UniCredit S.p.A. ( <b>UniCredit</b> )						
B.19 B.2	Domicile/ legal form/ legislation/ country of incorporation	The Guarantor is a <i>Società per Azioni</i> incorporated under the laws of the Republic of Italy and domiciled in the Republic of Italy with registered office at Via A. Specchi 16, 00186, Rome, Italy.						
B.19 B.4b	Trend information	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Guarantor's prospects for its current financial year.						
B.19 B.5	Description of the Group	The UniCredit Banking Group, registered with the Register of Banking Groups held by the Bank of Italy pursuant to Article 64 of the Banking Law under number 02008.1 (the <b>Group</b> or the <b>UniCredit Group</b> ) 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 ( <b>CEE</b> ) countries. 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 ( <i>bancassurance</i> ).						
B.19 B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.						
B.19 B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit or review report included in the Base Prospectus.						
B.19 B.12	<p><b>Selected historical key financial information:</b></p> <p><i>Income Statement</i></p> <p>The table below sets out summary information extracted from the audited consolidated annual financial statements as at and for each of the financial years ended 31 December 2012 and 31 December 2011 for the UniCredit Group:</p>							
	€ millions	<table> <tr> <th>Year ended 31 December 2012<sup>(**)</sup></th><th>31 December 2012<sup>(*)</sup></th><th>Year ended 31 December 2011<sup>(*)</sup></th></tr> <tr> <td>Operating income</td><td>25,379</td><td>25,049</td></tr> </table>	Year ended 31 December 2012 <sup>(**)</sup>	31 December 2012 <sup>(*)</sup>	Year ended 31 December 2011 <sup>(*)</sup>	Operating income	25,379	25,049
Year ended 31 December 2012 <sup>(**)</sup>	31 December 2012 <sup>(*)</sup>	Year ended 31 December 2011 <sup>(*)</sup>						
Operating income	25,379	25,049						
	Operating income	25,013						

Element	Title			
	of which:			
	- net interest	14,120	14,285	15,252
	- dividends and other income from equity investments	397	397	380
	- net fees and commissions	7,793	7,793	8,048
	Operating costs	(14,979)	(14,979)	(15,431)
	Operating profit	10,400	10,070	9,582
	Profit (loss) before tax	317	317	2,195
	Net profit (loss) attributable to the Group	865	865	(9,206)
	(*) As published in “2012 Consolidated Reports and Accounts”.			
	(**) Recasted. Restatement of interest income from impaired assets whose book value was written down/back as the result of the passing of time from item "Net interest" (Operating income) to item "Net write-downs on loans and provisions for guarantees and commitments" (Operating profit), following the reclassification carried out by three Group companies in the first half of 2013.			
	The table below sets out summary information extracted from the consolidated interim report as at 30 June 2013 and 30 June 2012 for the UniCredit Group:			
	€ millions	30 June 2013		30 June 2012
	Operating income	12,497		13,357
of which:				
- net interest	6,617		7,303	
- dividends and other income from equity investments	170		223	
- net fees and commissions	3,969		3,918	
Operating costs	(7,434)		(7,571)	
Operating profit	5,064		5,786	
Profit before tax	1,859		2,477	
Net profit (loss) attributable to the Group	810		1,083	
Statement of Financial Position				
The table below sets out summary information extracted from UniCredit Group's audited statement of financial positions as at 31 December 2012 and 31 December 2011:				
€ millions	Year ended 31 December 2012 <sup>(*)</sup>		Year ended 31 December 2011 <sup>(*)</sup>	

Element	Title		
	Total assets	926,827	913,567
	Financial assets held for trading	107,119	120,374
	Loans and receivables with customers	547,144	555,946
	of which:		
	- impaired loans	44,058	38,806
	Financial liabilities held for trading	99,123	111,386
	Deposits from customers and debt securities in issue	579,965	557,448
	of which:		
	- deposits from customers	409,514	395,288
	- securities in issue	170,451	162,160
	Shareholders' Equity	62,784	51,479
	(*) As published in “2012 Consolidated Reports and Accounts”.		
The table below sets out summary information extracted from the consolidated interim report as at 30 June 2013, 31 December 2012 and 30 June 2012 for the UniCredit Group <sup>(*)</sup> :			
	30 June 2013	31 December 2012 <sup>(*)</sup>	30 June 2012
Total assets	889,632	926,838	938,581
Financial assets held for trading	93,772	107,119	112,702
Loans and receivables with customers	532,771	547,144	553,427
of which:			
- impaired loans	46,215	44,058	42,333
Financial liabilities held for trading	77,216	99,123	107,913
Deposits from customers and debt securities in issue	564,750	579,965	576,620
of which:			
- deposits from customers	405,221	409,514	414,446

Element	Title															
	- securities in issue	159,529	170,451	162,174												
	Shareholders' Equity	61,322	61,579	60,930												
	<sup>(*)</sup> Recasted. Please note that on 1 January 2013 the amendments to IAS 19 ("IAS 19R") came into force. The first time application on the accounting standard required the restatement of previous periods beginning on or after 1 January 2012.															
	The figures in these tables refer to reclassified balance sheet															
	<b>Statements of no significant or material adverse change</b>  Since 30 September 2013, UniCredit Group reports a fourth quarter of the 2013 net result of -€15.0 billion (-€14.0 billion in FY13) mostly attributable to non-recurring items, driven by revised macroeconomic assumptions and a tougher regulatory framework and to lay the foundations of the success of the Strategic Plan 2013-2018.  Furthermore, save with regard to the net result of -€15.0 billion reported for the fourth quarter of the 2013 financial year (-€14.0 billion for the 2013 financial year) which is mostly attributable to non-recurring items, driven by revised macroeconomic assumptions and a tougher regulatory framework and in order to lay the foundations of the success of the Strategic Plan 2013-2018, there has been no material adverse change in the prospects of UniCredit and the Group since 31 December 2012.															
<b>B.19 B.13</b>	<b>Events impacting the Guarantor's solvency</b>	Not Applicable - There are no recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency.														
<b>B.19 B.14</b>	<b>Dependence upon other Group entities</b>	The Guarantor is the parent company of the UniCredit Group and carries out, in addition to banking activities, organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.  Please also see Element B.19 B.5 above														
<b>B.19 B.15</b>	<b>The Guarantor's Principal activities</b>	The Guarantor, 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 <b>Italian Banking Act</b> ), 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.														
<b>B.19 B.16</b>	<b>Controlling shareholders</b>	Not Applicable - No individual or entity controls the Guarantor within the meaning provided for in Article 93 of the Legislative Decree No. 58 of 24 February 1998, as amended.														
<b>B.19 B.17</b>	<b>Credit ratings</b>	UniCredit S.p.A. has been rated:  <table><tr><th>Description</th><th>Standard &amp; Poor's</th><th>Moody's</th><th>Fitch ratings</th></tr><tr><td>Short Term Counterparty Credit Rating</td><td>A-2</td><td>P-2</td><td>F2</td></tr><tr><td>Long Term Counterparty Credit Rating</td><td>BBB</td><td>Baa2</td><td>BBB+</td></tr></table>			Description	Standard & Poor's	Moody's	Fitch ratings	Short Term Counterparty Credit Rating	A-2	P-2	F2	Long Term Counterparty Credit Rating	BBB	Baa2	BBB+
Description	Standard & Poor's	Moody's	Fitch ratings													
Short Term Counterparty Credit Rating	A-2	P-2	F2													
Long Term Counterparty Credit Rating	BBB	Baa2	BBB+													





Element	Title	
		<p>obligations arising out of or in connection with the status of the Subordinated Notes issued by UniCredit Ireland shall be governed by, and construed in accordance with, the laws of Ireland.]</p> <p><b><i>Status[ and Subordination]</i></b></p> <p><i>[[Insert in the case of Senior Notes]</i>The Notes issued on a Senior basis constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.]</p> <p><i>[Insert in the case of Subordinated Notes issued by UniCredit S.p.A.]</i> Early redemption may occur only at the option of UniCredit and with the prior approval of the Bank of Italy.]</p> <p><i>[Insert in the case of Subordinated Notes issued by UniCredit Ireland]</i> Notes having a stated maturity (which must be at least five years) may be redeemed on their Maturity Date or, if of indeterminate duration, may be redeemed where five years' notice of redemption has been given. Otherwise Subordinated Notes may only be redeemed with the Central Bank of Ireland's consent, which will only be given where the request is made at UniCredit Ireland's initiative and UniCredit Ireland's solvency is not in question.]</p> <p>This Series of the Notes is issued on a [Senior/ Subordinated] basis.</p> <p><b><i>Events of default</i></b></p> <p><i>[Insert in the case of Senior Notes]</i> [The terms of the Senior Notes will contain, amongst others, the following events of default:</p> <ul style="list-style-type: none"> <li>• default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time;</li> <li>• non-performance or non-observance by the Issuers [or, in the case of Guaranteed Notes, the Guarantor] of any of its other obligations under the conditions of the Notes or the Trust Deed, in certain cases continuing for a specified period of time;</li> <li>• 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</li> </ul>

Element	Title	
		<p>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;</p> <ul style="list-style-type: none"> <li>• events relating to the insolvency, winding up or cessation of business of the Issuers[, (in the case of Guaranteed Notes) the Guarantor];</li> <li>• certain final judgments for the payment of indebtedness remain unsatisfied for a specific period of time; and</li> <li>• (in the case of Guaranteed Notes) the Guarantee ceases to be in full force and effect.</li> </ul> <p>upon the occurrence of the above, the Trustee, at its discretion, may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders, shall give notice to the Issuer [and, in the case of the Guaranteed Notes, the Guarantor] that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest.]</p> <p><i>[Insert in the case of Subordinated Notes]</i> [The terms of the Subordinated Notes will contain, amongst others, the following events of default:</p> <p><i>[Insert the case of Subordinated Notes issued by UniCredit]</i></p> <ul style="list-style-type: none"> <li>• UniCredit becoming subject to <i>Liquidazione Coatta Amministrativa</i> as defined in Legislative Decree No. 385 of 1 September 1993 of the Republic of Italy;</li> </ul> <p><i>[Insert the case of Subordinated Notes issued by UniCredit Ireland]</i></p> <ul style="list-style-type: none"> <li>• events relating to the insolvency or winding up of UniCredit Ireland.</li> </ul> <p>upon the occurrence of the above, the Trustee, at its discretion, may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders, shall give notice to the Issuer and, in the case of the Guaranteed Notes, the Guarantor that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest]</p> <p><b>Meetings</b></p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in</p>

Element	Title	
		<p>a manner contrary to the majority.</p> <p><b><i>Taxation</i></b></p> <p>All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by (a) the Republic of Italy, in the case of Notes issued by UniCredit and Guaranteed Notes, (b) Ireland, in the case of Notes issued by UniCredit Ireland and (c) Luxembourg, in the case of Notes issued by UniCredit International Luxembourg. In the event that any such deduction is made, the Issuers or, as the case may be, the Guarantor will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p>Payments of any amount in respect of Notes, Receipts or Coupons will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the <b>Code</b>) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or law implementing an intergovernmental approach thereto.</p> <p><b><i>Prescription</i></b></p> <p>The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the date on which such payment first becomes due.</p>
C.9	Interest/Redemption	<p><b><i>Interest</i></b></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate or calculated by reference the relevant inflation Index.</p> <p>[Payments (in respect of principal and interest) in respect of Notes denominated in Renminbi will be made in Renminbi, except in the case where “RMB Currency Event” is specified in the Final Terms and if by reason of a RMB Currency Event, as determined by the relevant Issuer acting in good faith and in a commercially reasonable manner, the relevant Issuer is not able to pay any amount in respect of the Notes, the relevant Issuer’s obligation to make payment in Renminbi shall be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate.]</p> <p><b><i>Interest Rate</i></b></p> <p>[[Insert in the case of Fixed Rate Notes:] The Notes bear interest [from their date of issue/from [●]] at the fixed rate of [●]% per annum.</p>

Element	Title	
		<p>The yield in respect of the Notes is [●]%.  The yield is calculated at the Issue Date on the basis of the relevant Issue Price  Interest will be paid [annually/semi-annually/quarterly] in arrear on [●] in each year. The first interest payment will be made on [●]  [[<i>Insert in the case of Floating Rate Notes:</i>] The Notes bear floating rate interest interest [from their date of issue/from [●]] at floating rates calculated by reference to [[●]-Euribor] [[●]-Libor] [<i>insert CMS rate</i>] [for the relevant interest period[s]]. [[<i>In the case of a factor insert:</i>], multiplied with a factor of [<i>Insert factor</i>]] [[<i>in the case of a margin insert:</i>], plus], minus] the margin of [●]% per annum][for the relevant interest period]. Interest will be paid [annually/semi-annually/quarterly] in arrear on [●], and [●] in each year, subject to adjustment for non-business days. The first interest payment will be made on [●].]  [[<i>Insert in the case of Inflation Linked Interest Notes:</i>] The Notes bear Inflation linked interest [from their date of issue/from [●]]. The interest rate is dependent on the performance of the [HICP][GRCP2000] [FRCPxTOB][●] [for each interest period] [[<i>In the case of a factor insert:</i>], multiplied with a factor of [<i>insert factor</i>]] [[<i>In the case of a margin, insert:</i>] [, plus], minus] the margin of [<i>insert percentage</i>]%) for the relevant interest period]. Interest will be paid [annually/semi-annually/quarterly] in arrear on [●], and [●] in each year, subject to adjustment for non-business days. The first interest payment will be made on [●].]  [<i>In the case of a minimum and/or maximum rate of interest, insert:</i>]The amount of interest payable on the Notes is subject to [<i>insert the minimum/maximum rate of interest</i>].]  [The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]  <b>Underlyings</b>  [Not Applicable. Interest on the Notes is not based on an underlying.]  [<i>Insert in the case of CMS Linked Notes:</i>][<i>insert CMS Rate(s)</i>]  [<i>Insert in the case of Zero Coupon Notes:</i>]Not Applicable.]  [<i>Insert in the case of Inflation Linked Interest Notes:</i>]The value of the Notes may be affected by the [performance of [<i>insert the relevant inflation index</i>]].  [The Rate of Interest payable from time to time in respect of Inflation Linked Interest Notes, for each interest period, shall be determined in accordance with the following formula:</p>

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

Element	Title	
		<p><i>and any maximum or minimum redemption amounts</i>].</p> <p><b><i>Repayment Procedure</i></b></p> <p>[Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).]</p> <p>[Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of the Principal Paying Agent. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Principal Paying Agent and such record shall be <i>prima facie</i> evidence that the payment in question has been made.]</p> <p>[Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents.</p> <p>Payments of interest and principal in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register.]</p> <p><b><i>Representative of holders</i></b></p> <p>The Issuer has appointed Citicorp Trustee Company Limited (the Trustee) to act as trustee for the holders of Notes. The trustee may, without the consent of any holders and without regard to the interests of particular holders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of any holders that an event of default or potential event of default shall not be treated as such or (iii) the substitution of another company as principal debtor under the Notes in place of the Issuer.</p> <p>Please also refer to Element C.8.</p>

Element	Title	
C.10	<b>Derivative component in the interest payments</b>	<p>[Interest payments under the Floating Rate Notes depend on the development of the <i>[insert [●]-Euribor]</i> <i>[insert [●]-Libor]</i> <i>[insert CMS rate]</i> for the relevant interest period.]</p> <p>[Interest payments under the Inflation Linked Interest Notes are linked to the performance of the <i>[HICP][GRCP2000][FRCPxTOB][●].</i>]</p> <p>[Not applicable – There is no derivative component in the interest payments.]</p> <p>Please also refer to Element C.9.</p>
C.11	<b>Listing and Admission to trading</b>	<p>Notes issued under the Programme may be listed and admitted to trading on the Luxembourg Stock Exchange or such other stock exchange or regulated market specified below, or may be issued on an unlisted basis.</p> <p>[Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [Luxembourg Stock Exchange.] [The Notes are not intended to be admitted to trading on any market.]</p>

## Section D – Risks

Element	Title	
D.2	<b>Key risks regarding the Issuers and the Guarantor</b>	<p>In purchasing Notes, investors assume the risk that the Issuers and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuers and the Guarantor becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuers and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuers' and the Guarantor's control. The Issuers and the Guarantor have identified a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes. These factors include:</p> <ul style="list-style-type: none"> <li>• risks concerning liquidity which could affect the Group's ability to meet its financial obligations as they fall due;</li> <li>• 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;</li> <li>• the European sovereign debt crisis has adversely affected, and may continue to, adversely affect the Group's results of operations, business and financial condition;</li> <li>• the Group has exposure to European sovereign debt;</li> <li>• 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;</li> <li>• systemic risk could adversely affect the Group's business;</li> <li>• risks connected to an economic slowdown and volatility of the financial markets – credit risk;</li> <li>• 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;</li> <li>• the fair values of the Group's structured credit products have been and may continue to be significantly reduced;</li> </ul>



Element	Title	
		<ul style="list-style-type: none"> <li>deteriorating asset valuations resulting from poor market conditions may adversely affect the Group's future earnings;</li> <li>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;</li> <li>non-traditional banking activities expose the Group to additional credit risks;</li> <li>unidentified or unanticipated risks, by their nature, might not be captured in the current Group's risk management policies;</li> <li>fluctuations in interest and exchange rates may affect the Group's results;</li> <li>changes in the Italian and European regulatory framework could adversely affect the Group's business;</li> <li>the Group may be subject to increased capital requirements;</li> <li>the Group may be subject to the provisions of the Recovery and Resolution Directive, once finalised and implemented, in the future;</li> <li>Operational and IT risks are inherent in the Group's business;</li> <li>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;</li> <li>as at the date of this Base Prospectus, there are certain legal proceedings pending against UniCredit and other companies belonging to the Group;</li> <li>the Group is involved in pending tax proceedings; and</li> <li>the Group is exposed to certain risks relating to Goodwill Impairment Tests;</li> <li>the Group may fail to implement its 2013-2018 Strategic Plan.</li> </ul>
<b>D.3</b>	<b>Key risks regarding the Notes</b>	<p>There are also risks associated with the Notes. These include a range of market risks (including that there may be no or only a limited secondary market in the Notes, that the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency, that any credit rating assigned to the Notes may</p>

Element	Title	
		<p>not adequately reflect all the risks associated with an investment in the Notes and that changes in interest rates will affect the value of Notes which bear interest at a fixed rate), the fact that the conditions of the Notes may be modified without the consent of the holder in certain circumstances, that the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law and that investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them.</p> <p><b>Key risks regarding to certain types of Notes</b></p> <p>Notes subject to optional redemption by the relevant Issuer: the relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.</p> <p>If the relevant Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.</p> <p>Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.</p> <p>There are certain risks associated with investing in Subordinated Notes. These risks include:</p> <ul style="list-style-type: none"> <li>• an investor in Subordinated Notes assumes an enhanced risk of loss in the event of the relevant Issuer's insolvency as UniCredit and UniCredit Ireland obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities;</li> <li>• under the Subordinated Guarantee, in the event of winding-up, dissolution, liquidation or bankruptcy (including, <i>inter alia</i>, <i>Liquidazione coatta amministrativa</i>, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredit, the Subordinated Guarantee will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredit;</li> <li>• the regulatory classification of the Notes - although it is the Issuers' expectation that the Notes qualify as "Lower Tier II capital" or, as appropriate, "Tier 2 capital" there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be, if appropriate, grandfathered under the</li> </ul>

Element	Title	
		<p>implementation of future EU capital requirement regulations; and</p> <ul style="list-style-type: none"> <li>loss absorption - investors should be aware that Subordinated Notes may be subject to a write-down or conversion into common shares at the point of non-viability should the Bank of Italy, the Central Bank of Ireland or other authority or authorities having oversight of the relevant Issuer at the relevant time (the Relevant Authority) be given the power to do so, whether as a result of the implementation of RRD or otherwise. The Subordinated Notes issued under the Programme include provisions setting out that the obligations of the relevant Issuer under Subordinated Notes are subject to the powers of the Relevant Authority pursuant to applicable law and/or regulation in force from time to time.</li> </ul> <p>There are certain risks associated with investing in Inflation Linked Interest Notes. These risks include:</p> <ul style="list-style-type: none"> <li>potential investors in any such Notes should be aware that depending on the terms of the Inflation Linked Interest Notes they may receive no interest or a limited amount of interest;</li> <li>Inflation Linked Interest Notes may be subject to certain disruption provisions or extraordinary event provisions and If the Calculation Agent determines that any such event has occurred this may delay valuations under and/or settlements in respect of the Notes and consequently adversely affect the value of the Notes;</li> <li>the market price of Inflation Linked Interest Notes may be volatile and may depend on the time remaining to the maturity date or expiration and the volatility of the level of the inflation or consumer price index or indices; and</li> <li>the level of the inflation or consumer price index or indices may be affected by the economic, financial and political events in one or more jurisdictions or areas.</li> </ul> <p>There are certain risks associated with investing in Renminbi Notes. These risks include:</p> <ul style="list-style-type: none"> <li>the Renminbi is not freely convertible and there are significant restrictions on the remittance of the Renminbi into and outside the PRC which may affect the liquidity of the Notes;</li> <li>there is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the relevant Issuer's ability to source Renminbi outside the PRC to service the Renminbi Notes;</li> <li>an investment in Renminbi Notes is subject to exchange rate risk and interest rate risk;</li> </ul>

Element	Title	
		<ul style="list-style-type: none"> <li>an investment in Renminbi Notes is subject to interest rate risk;</li> <li>an investment in Renminbi Notes is subject to risk of change in the regulatory regime governing the issuance of Renminbi Notes;</li> <li>payments in respect of the Renminbi Notes will only be made to investors in the manner specified in the Renminbi Notes.</li> </ul> <p>The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.</p> <p>Credit ratings assigned to the Issuers, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.</p>

### Section E – Offer

Element	Title	
<b>E.2b</b>	<b>Use of proceeds</b>	<p>The net proceeds from each issue of Notes will be applied by the Issuers for their general corporate purposes, which include making a profit. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.</p> <p>[The net proceeds from the issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit [and[●]].</p>
<b>E.3</b>	<b>Terms and conditions of the offer</b>	<p>The Notes may be offered to the Public as a public offer in one or more specified Public Offer Jurisdictions.</p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue. An Investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.</p> <p>[Not Applicable – The Notes are not being offered to the public as part of a Non-Exempt Offer]</p> <p>[This issue of Notes is being offered in a Non-Exempt Offer in [●]].</p> <p>The issue price of the Notes is [●] per cent. of their nominal amount.</p> <p><i>[Summarise any public offer, copying the language from</i></p>

Element	Title	
		<i>paragraphs [8viii] and [9] of Part B of the Final Terms.]]</i>
<b>E.4</b>	<b>Interest of natural and legal persons involved in the issue/offer</b>	<p>The relevant Dealer may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuers and the Guarantor and their affiliates in the ordinary course of business.</p> <p>[Other than as mentioned above,[ and save for [●],] so far as the Issuers are aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]</p>
<b>E.7</b>	<b>Expenses charged to the investor by the Issuer or an Offeror</b>	<p>[Offer price: Issue Price.] [Authorised Offerors (as defined above) may, however, charge expenses to investors.]</p> <p>[Selling Concession: <i>[Insert selling concession.]</i>]</p> <p>[Other Commissions: <i>[Insert other commissions.]</i>]</p> <p>[Not applicable. No such expenses will be charged to the investor by the Issuer or a dealer.]</p>

## ANNEX 2

### MAJOR SHAREHOLDERS

As at 13 March 2014, UniCredit's share capital, fully subscribed and paid-up, amounted to €19,654,856,199.43 and comprised 5,791,633,617 shares without nominal value, of which 5,789,209,719 are ordinary shares and 2,423,898 are savings shares. UniCredit ordinary shares are listed on the Italian, German and Polish regulated markets. The shares traded on such markets have the same characteristics and confer the same rights on the holder. UniCredit savings shares (shares without voting rights and with preferential economic rights) are only listed on the Italian regulated market.

As at 13 March 2014, according to available information, the main shareholders holding, directly or indirectly, a relevant participation in the Issuer were:

Main Shareholders	Ordinary Shares	%*
1. BlackRock Inc.	303,710,575	5.246%
2. Aabar Luxembourg S.A.R.L.	294,600,000	5.089%
3. PGFF Luxembourg S.A.R.L.	290,000,000	5.009%
4. Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	204,508,472	3.533%
5. Delfin S.A.R.L.	173,685,000	3.000%
6. Central Bank of Libya Group	168,529,755	2.911%
7. Capital Research and Management Company - Right of vote for discretionary asset management	158,097,471	2.731%
8. Fondazione Cassa di Risparmio di Torino - which is lender for:	145,099,006 21,152,127	2.506% 0.365%
9. Carimonte Holding S.p.A.	131,213,277	2.267%
10. Allianz Group	126,492,329	2.185%

\* As a percentage of ordinary capital.

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 shares exceeding 5 per cent. of the share capital bearing voting rights.

For the purposes of computing said threshold, one must take into account the global stake held by the controlling party (be it a private individual, legal entity or company), all subsidiaries – both direct and indirect – and affiliates, as well as those shares held through trustee companies and/or third parties and/or those shares whose voting rights are attributed for any purpose or reason to a party other than their owner; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates, on the other hand, must not be taken into consideration.

No individual or entity controls the Issuer within the meaning provided for in Article 93 of the Legislative Decree No. 58 of 24 February 1998, as amended.

## ANNEX 3

### PROCEEDINGS RELATED TO TAX MATTERS

#### *Proceedings Before Italian Tax Authorities*

At the date hereof, the following tax proceedings are pending: (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 €177 million.

The proceedings sub (i) and (ii) are still pending at the Italian Tax Supreme Court (*Corte di Cassazione*); the proceeding sub (iii) was heard in front of Italian Tax Supreme Court and was decided in favour of Banco di Sicilia with decision filed on 11 March 2013.

On 12 June 2007, the Provincial 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 Italian Supreme Court (*Corte di Cassazione*) and, at the date hereof, one judgment is still 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 Italian Supreme Court (*Corte di Cassazione*) on 6 July 2011. As at the date hereof, the judgment is pending and no provisions were made.

In addition on 5 January 2011, the Revenue Agency served UniCredit Leasing S.p.A. (**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 Provincial Tax Commission of Bologna. Further to this appeal, the Provincial Tax Commission of Bologna registered the judgment on 6 August 2012. The judgment was favourable to UniCredit Leasing. The Tax Authorities appealed, on March 2013, the said Sentence to the competent Regional Tax Commission and the judgment is still pending.

On 29 December 2011 the Revenue Agency notified UniCredit Leasing of the tax assessment concerning IRAP and VAT for the fiscal year 2006, for an amount of €41,461,209.34 related to other real estate leasing



contracts. The tax assessment has been appealed to the competent Provincial Tax Commission. The last hearing was held on 21 May 2013 and the ruling is due to be delivered shortly.

### ***Tax Audits and Other Investigations Relating to Structured Finance Transactions***

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. All proceedings are pending before the Provincial Tax Court of Bologna (the next hearing is scheduled for 7 April 2014).

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.

### ***Other pending tax cases***

During 2013 UniCredit, on its own behalf and in its capacity as the incorporating company and/or holding company, as the case may be, of various Group companies, was served with some notices of assessment related to taxes, interests and sanctions for approximately € 49 million.

All such notices of assessment have been challenged before the competent Provincial Tax Courts.

The key assessments relates to:

- 1) substitute tax on medium- and long-term financings and registration tax for an aggregate amount equal to €13.3 million (including tax and accessory items), in relation to financing executed outside Italy;
- 2) higher registration tax allegedly due in connection with two transfers of businesses perfected with UBIS S.C.p.A. and UniCredit Bank AG, Italian branch, respectively. The aggregate amount claimed (including tax and accessory items) is equal to €8.5 million;
- 3) higher IRES allegedly due by Capitalia S.p.A. in connection with structured finance transaction (so-called “DB Vantage) perfected by Capitalia in 2004 and having the same nature as those assessed in respect of UniCredit Banca S.p.A. for the same tax period (as described above in sub-paragraph headed “*Tax Audits*”

*and Other Investigations Relating to Structured Finance Transactions*”). The aggregate amount claimed (including tax and accessory items) is equal to € 20 million;

- 4) higher IRES and IRAP for the tax year 2008 in relation to UniCredit Private Banking S.p.A. for assessments relating to differences in transfer pricing and alleged undeductibility of passive interest for an aggregate amount claimed (including tax and accessory items) equal to € 2.6 million;
- 5) IRES tax for the tax year 2008, claimed towards UniCredit S.p.A. as holding company of FinecoBank S.p.A., for an aggregate amount equal to € 0.7 million, in connection with the alleged undeductibility of sums paid to clients as damages caused by financial promoters or bank’s employees,

UniCredit believes that the risk represented by the above mentioned liabilities is remote and only potential, nevertheless it made further provisions of approximately € 10.5 million.

## **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 Banking Authority (EBA), the European Central bank (ECB) within the European System of Central Bank (ESCB) as well as local banking 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 hereof. 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>6</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.

Furthermore, in 2008, CONSOB investigated a Group company for its role as placement manager and sponsor in connection with the offer and listing of shares in an Italian company. Notwithstanding the allegations by CONSOB, the Group defended its actions and disputed the facts. However, the proceeding, which resulted in the imposition of a pecuniary administrative penalty against an employee of the Group in July 2009, is still pending as at the date hereof.

On 26 March 2012, CONSOB initiated an investigation against Unicredit S.p.A. aimed at ascertaining, in relation to specific profiles, the effective adoption by the Bank of the corrective measures subsequent to the order of call pursuant to article 7, para 1, letter b), of the Legislative Decree n. 58 dated 24 February 1998

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<sup>6</sup> Some of which have been incorporated into UniCredit as of 1 November 2010.

made by the same supervisory authority with letter dated 23 April 2010. At the same time, the authority has also carried out specific verifications related to the procedures for the assessment of the adequateness/appropriateness of the organisational and administrative arrangements to manage conflicts of interest, on the transactions in place with the retail clients, regarding the rights issue of new shares in the capital increase resolved on 15 December 2011 by the extraordinary shareholders' meeting, as well as other financial instruments identified during the investigation. Such investigation ended on 15 May 2013 and, further to the same, the Consob – through an order of call pursuant to article 7, para 1, letter b), of the Legislative Decree n. 58 dated 24 February 1998 made with letter dated 20 November 2013- has asked the Bank to define and adopt certain corrective measures aimed at allowing a more correct operating activity in the context of the provision of the investment services.

On June 18th, 2013, CONSOB started an investigation on UniCredit S.p.A., under art. 187- octies, subparagraph 3, letter. e), of Legislative Decree 24 February 1998, n. 58, relating to the overall project for the restructuring of its stake in the capital share of Gruppo Partecipazioni Industriali S.p.A., Camfin S.p.A. and Pirelli S.p.A., disclosed to the market on June 5th, 2013, in order to acquire data, information and documents concerning procedures and operational practices for the management of sensitive information and the Insider List. The investigation ended on August 8th, 2013. Consob has sent to the Bank a counterclaim, under art. 195 TUF, violation of art. 115-bis of the Decree, as of art. 152-ter of the Issuers' Regulations, to which the Bank will presents its rebuttal by the due date of April 2, 2014.

From 2011 up to the date hereof, the Bank of Italy, pursuant to its above-mentioned ordinary supervisory activities, carried out inspections in the following areas: governance, management and control of credit risk, focusing on the small and medium business segment; transparency, usury and anti-money laundering; validation process for internal models on credit risk and Counterparty Credit Risk (**CCR**), the latter jointly with the relevant German and Austrian supervisory Authorities; governance, management and control of liquidity risks and interest rate risk at consolidated level with an analogous initiative carried out in parallel the German Federal Financial Supervisory Authority (**BaFin**); adequacy of information systems and back office processes of the Group, in cooperation with the German Federal Financial Supervisory Authority (BaFin); validation of the revision of the internal model for operational risk; governance and coordination in Finance area (CIB Markets) and assessment of market risk internal models (IRC and VAR) in cooperation with BaFin; adequacy of loan loss provisions for credit positions classified as “sofferenze”, “incaglio” and “ristrutturati”; administrative accounting groupwide processes, with focus on information flows finalized to produce consolidated financial statement. Furthermore, a general inspection has been carried out against the Group company FinecoBank S.p.A.

In light of the above investigations, the Group implemented corrective measures intended to overcome any negative findings. The action plans prepared by the Group to correct such negative findings have been substantially in compliance with applicable deadlines. The action plans are monitored by managers with certain corporate or control functions and periodically brought to the attention of the supervisory authority.

In relation to the investigations carried out in the areas of i)governance, management and control of credit risk, focusing on the small and medium business segment ii) transparency and correctness with customers, Bank of Italy ascertained certain irregularities and, as a result, imposed pecuniary administrative penalties, pursuant to article 114 of the Banking Law, against some of the Group's corporate representatives.<sup>7</sup>

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<sup>7</sup> Regarding “governance, management and control of credit risk” three managers – at the time in charge to GRM – were sanctioned for a total amount equal to €91,000. Regarding “transparency and

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 as at the date hereof.

In July 2009, the AGCM initiated an investigation to ascertain if UniCredit, together with MasterCard<sup>TM</sup> 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 still pending as at the date hereof.

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 S.p.A. (now UniCredit) to the proceedings. In May 2010, pecuniary administrative penalties of €150,000 were imposed against only UniCredit Banca di Roma, which appealed to the regional court. The proceedings are still pending as at the date hereof.

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, pecuniary administrative penalties of €50,000 were imposed. Thereafter, UniCredit Banca di Roma appealed to the regional court. The proceedings are still pending as at the date hereof.

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 as at the date hereof.

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. presented some written memos and responded to the AGCM's information requests. In November 2011, pecuniary administrative penalties of € 70,000 and € 50,000 were imposed 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 as at the date hereof.

In December 2012, the AGCM commenced proceeding against UniCredit and requested related information from UniCredit alleging unfair trade practices in connection with the advertising of the deposit account named "*Conto Risparmio Sicuro*". In July 2013, pecuniary administrative penalties of €250,000 were imposed against UniCredit, which appealed to the regional court. The proceedings are still pending as at the date hereof.

## ***Germany***

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correctness with customers" four managers – at the time in charge to Legal & Compliance and Commercial Banking Italy – were sanctioned for a total amount equal to € 116,000..

<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.

Various regulators exercising oversight of operations of UniCredit Bank AG (**UCB AG**), including German Central Bank (*Bundesbank*), Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin, UK *Prudential Regulation Authority* (**PRA**) and UK *Financial Conduct Authority* (**FCA**), have conducted audits and/or reviews of UCB AG's risk management and internal control systems. They 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 it deemed to be material. UCB AG 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. Such comprehensive programme promotes a stringent steering and monitoring of corrective measures related to the inspections on adequacy of information systems and back office processes referred to above and Finance (CIB Markets). The programme is part of the recently established Regulatory Affairs function.

Besides the joint initiatives with Banca d'Italia, BaFin conducted in May and June 2013 an on-site audit on remuneration policies (e. g. on the institutional compensation act) and in autumn on operational risk.

In August 2013, furthermore, BaFin started an inspection on the processes for contributing ISDAfix system, subsequently extended to exchange rates.

UCB AG has been contacted by the U.S. Commodity Futures Trading Commission, the FCA and Bundesbank as part of an industry-wide investigation in order to look into allegations mentioned in media reports of possible manipulation of the foreign exchange (“FX”) market, including a leading FX benchmark published by Reuters. UCB AG has promptly started an internal investigation into the matter which is lead by UCB AG’s Internal Audit function.

### ***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.

In 2012 the PFSA conducted an extensive inspection that covered, in particular: (i) credit risk management; (ii) liquidity risk management; (iii) market risk management; (iv) operational risk management; (v) capital adequacy; and (vi) management of the bank and its compliance with the laws that govern its business and with its constitutional documents. During the inspection certain irregularities were discovered and specific recommendations were issued; however, neither fines nor other penalties were imposed against Bank Pekao. The PFSA raised 44 recommendations, where, as at the date hereof, 43 have already been implemented according to the schedule agreed with the PFSA and the remaining one recommendation is planned to be completed by the end of 2014.

Between 2012 and 2013, the PFSA conducted other regulatory inspections focusing on specific issues: (i) the activity related to the custody of assets of certain open pension funds and employer pension funds; (ii) verification of the conditions specified by Bank of Italy and PFSA for using by Bank Pekao of AMA approach for operational risk; (iii) the activity of Bank Pekao's brokerage house; (iv) the activity related to the fulfilment of the obligation as a depositary; (v) the compliance with the regulations on preventing and combating money-laundering and the financing of terrorism.

As a result of these inspections, the PFSA issued certain recommendations which were followed by Bank Pekao.

From 24 June 2013 till 19 July 2013 the PFSA conducted the inspection regarding, (i) quality of assets and credit risk management; (ii) engagement in distribution of investment and insurance products (bancassurance); (iii) internal control system, in particular audit and compliance areas; (iv) co-operation with the holding company and costs of such co-operation borne by the Bank; (v) functioning on interbank market; (vi) rules and policies regarding variable parts of remuneration of persons holding key managerial positions; (vii) implementation of recommendations in credit risk area issued after comprehensive inspection of 2012. Post-inspection protocol raised no major issues to the Bank Pekao. In October 2013, Bank Pekao received 29 detailed post-inspection recommendations. The action plan regarding completion of the recommendations was prepared by Bank Pekao and shared with the PFSA. As of the date of hereof, 15 recommendations have already been implemented according to the schedule, while all remaining are planned to be implemented within end of 2014, with vast majority still within the first half of 2014.

The other regulatory proceedings were also initiated, including:

- anti-trust proceedings against operators of Visa<sup>TM</sup> and Europay<sup>TM</sup> systems and Polish banks issuing Visa<sup>TM</sup> and MasterCard<sup>TM</sup> payment cards in relation to joint determination of interchange fee influencing the competition on the acquiring services market in Poland. The UOKiK ruled that such practices restricted the competition on the relevant market, ordered the banks for 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. As a result of Bank Pekao's complaint, on 25 October 2012 the Court of Appeal repealed the decision on the suspension of the proceedings. By the verdict of 21 November 2013 the Antimonopoly Court reduced the sanction imposed on Bank Pekao from 16,6 million PLN to 14 million PLN (approximately €3.1 million). On 7 February 2014 Bank Pekao filed an appeal against the Antimonopoly Court's decision with regard to the sanction in amount of 14 million PLN;
- an investigation by the UOKiK regarding the compliance with consumers' law of the transfer to the Credit Bureau (**BIK**) of information on expiration of consumers' obligations. By decision of 28 December 2012 the UOKiK fined Bank Pekao for 1,8 million Zloty (approximately € 450,000). In January 2013, Bank Pekao appealed to the Antimonopoly Court;

- an administrative proceeding initiated by decision of the PFSA of 31 October 2013 to impose an administrative sanction on Bank Pekao in relation to the suspected failure by Bank Pekao as a depositary of the open investment fund, to fulfil obligations stipulated in the Investment Funds Act. The proceeding is expected to be completed in March 2014;
- an administrative proceeding initiated by decision of the PFSA of 5 February 2014 to impose an administrative sanction on Centralny Dom Maklerski Pekao S.A. (**CDM Pekao**), subsidiary of Bank Pekao, in relation to the suspected breach of the Trading in Financial Instruments Act.

In September 2013, the Court of Appeal overruled the decision of the UOKiK of December 2010 in part imposing on Bank Pekao the fine in amount 1.9 milion PLN (approximately €500,000) for non – compliance with the consumer law of the cash loan agreement models used in Bank Pekao. The verdict of the Court of Appeal is final and legally binding.

### *Austria*

As a licensed credit institution, Bank Austria (**BA**) 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)*.

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. 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. Starting from December 2012 to February 2013 OeNB staged a follow-up on-site inspection where they recognised that progress has been made with respect to 2010, basically in all the improvement areas. However, the regulator stated as well that UCBA does not fully meet their expectations yet. Therefore BA filed a plan with further improvement-measures to be implemented. UCBA reports on regular basis to the FMA and the OeNB on the progress made regarding the implementation of the improvement-measures.

Furthermore, in 2012 Bank Austria has been subject to two on-site examinations by the OeNB, both related to Bank Austria’s control environment. The OeNB stated several deficiencies and Bank Austria reacted by setting up a comprehensive action plan which has been submitted to the OeNB. The progress of the action plan is now reported on a regular basis to the FMA and the OeNB.

In April 2013 OeNB started an on-site-examination focused on IT-Risk and Outsourcing. The inspection of OeNB was finalized in September 2013. OeNB states that the outsourcing activities of BA in general meet the regulatory requirements. However OeNB highlights in it’s report several deficiencies – especially related to information-flows between service providers and BA, monitoring of service providers and involvement of BA in group wide projects. BA has filed a comprehensive action plan and submitted it to OeNB.

Lastly in September 2013 OeNB started an on-site examination on Liquidity- Risk. The on-site-presence of OeNB was finalized in January 2104. As to the date hereof, the report including the supervisory findings has not been submitted to BA yet.

## **UK**

UniCredit S.p.A. and UCB AG branches in the UK are subject to the supervision of local regulators, in particular to the supervision of PRA and FCA.

The FCA (then *Financial Supervisory Authority* – FSA) audited the London branches of UniCredit and UCB AG at the end of 2010 in connection with their investment banking activities.

The FCA 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 adopted an action plan to remedy those irregularities. In 2013 the FCA instructed a follow up audit – by requiring an independent third party for an “expert opinion” – which made further recommendations for improvement in the reporting and control activities of UCB AG. UCB AG management has made significant progress to remediate the issues identified and the FCA has lifted the operating limits imposed.

## ***Other countries***

Group companies operating in the other countries where the Group is present 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 organizational measures and/or impose sanctions or fines.

## ***Russian Federation***

From May to August 2013, the OeNB conducted an on-site examination on Credit-Risk in ZAO UniCredit Bank and, at the same time, in cooperation with the Bank of Italy, the validation of the internal rating model for Multinational counterparties. The report was submitted in January 2014 and shows some deficiencies to be improved related to credit approval process and underwriting as well as rating models and processes. As to date hereof, BA is – within the granted timeframe by OeNB - filing a statement regarding OeNB’s report including the planned remedial measures.

## ***Republic of Ireland***

In August 2013, the Central Bank of Ireland started administrative proceedings against UniCredit Bank Ireland plc for breaches of the Large Exposure Rule pursuant to the laws governing capital adequacy according to CRD. As to the date hereof, such proceedings is ongoing.

## ***Turkey***

Following the investigation launched in November 2011 against Yapı ve Kredi Bankası A.Ş.<sup>10</sup> (YKB) and other eleven Turkish banks, on 8 March 2013, the Turkish Competition Authority (TCA) announced its decision to impose administrative pecuniary fines on those banks for their alleged

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<sup>10</sup> Yapı ve Kredi Bankası A.Ş. is a bank incorporated under the laws of Turkey and controlled by Koç Financial Services A.Ş., a joint venture between UniCredit and Koç Group.



failure to comply with Turkish competition laws. The amount of the fine imposed on YKB resulting from the investigation is TL149,961,870. Notwithstanding YKB firmly believes that it has complied with applicable laws, the bank has benefitted from the early payment option pursuant to Turkish laws and paid TL 112,471,402 (75 per cent. of the administrative fine) to the relevant directorate of revenues in August 2013. In September 2013, YKB also filed an appeal against the decision of TCA for the annulment of the relevant decision and recovery of the paid amount. As to the date hereof, the case is pending before 2nd District of Ankara Administrative Court.

Furthermore, as to the date hereof, there are investigations and proceedings currently underway by the Turkish Competition Board and the Banking Regulation and Supervision Agency.

***CEE***

Furthermore, UniCredit, its subsidiaries and entities in which it has an investment are subject to scrutiny by competition authorities from time to time.

In this regard, as at the date hereof, there are Antitrust investigations and proceedings currently underway in Hungary (UniCredit Bank Hungary ZrT), in Croatia (Zagrebacka Banka d.d.) and in Bosnia Herzegovina (UniCredit Bank D.D.).

## ANNEX 4

### TAXATION IN THE REPUBLIC OF ITALY

#### Tax treatment of Notes issued by an Italian resident issuer

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian banks.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments.

#### Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (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 and Circular No. 11/E of 28 March 2012, 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 and Circular No. 11/E of 28 March 2012, 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 or 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, for each beneficiary, €1,500,000.

### **Transfer tax**

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; (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 0.2 per cent. and, as of 2014, it cannot exceed €14,000, for taxpayers different from individuals. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. 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 0.2 per cent.

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).

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC (the **Savings 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).

On 10 April 2013, the Prime Minister of Luxembourg announced Luxembourg's intention to abolish the withholding tax procedure with effect as of 1 January 2015 in favour of the automatic exchange of information procedure as provided for by the Savings Directive.



The European Commission has proposed certain amendments to the Savings 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.