UNICREDIT S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€500,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes

Issue Price: 100 per cent.

The €500,000,000 non-cumulative step-up fixed/floating rate subordinated notes (the **Notes**) are issued by UniCredit S.p.A. (**UniCredit** or the **Issuer**). The Issue Price of the Notes is 100 per cent.

The Notes will bear interest on a non-cumulative basis (a) from and including 21 July 2010 (the **Issue Date**), to but excluding 21 July 2020 (the **Interest Reset Date**), at a fixed rate of 9.375 per cent. per annum, payable annually in arrear on 21 July of each year, and (b) from and including the Interest Reset Date to the date of redemption, at a floating rate per annum of 7.49 per cent. above 3-month EURIBOR, payable quarterly in arrear on 21 July, 21 October, 21 January and 21 April of each year, commencing 21 October 2020.

The Notes will be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, as described in Condition 7 (*Redemption and Purchase*) of the Terms and Conditions of the Notes.

The Issuer may, at its option, also redeem the Notes in whole, but not in part, on the Interest Reset Date and on any Interest Payment Date (as defined herein) thereafter at an amount equal to their principal amount plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*), as described in Condition 7(b) (*Redemption and Purchase – Redemption at the option of the Issuer*). Interest will accrue on a non-cumulative basis, and under certain circumstances described in Condition 5 (*Interest suspension*) and Condition 6 (*Loss absorption*) of the Terms and Conditions of the Notes, the Issuer may elect not to make, or be prohibited from making, interest payments on the Notes.

In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Interest Reset Date following the occurrence of a Tax Deductibility Event (as defined herein) at a redemption price equal to the greater of their principal amount or the Make Whole Amount (as defined herein), or following the occurrence of a Regulatory Event or an Additional Amount Event (each as defined herein) at an amount equal to their principal amount, plus, in each case, any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*), as described in Condition 7(d) (*Redemption due to a Tax Deductibility Event*), Condition 7(c) (*Redemption due to a Regulatory Event*) and Condition 7(e) (*Redemption due to an Additional Amount Event*). Any such redemption of Notes occurring on or after the Interest Reset Date will be at an amount equal to their principal amount together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*). The Notes may not be redeemed pursuant to Conditions 7(b), (c), (d) or (e) in the event that the principal amount of the Notes has been written down and not yet, at the relevant time, been written up in whole pursuant to Condition 6 (*Loss Absorption*).

Any redemption of the Notes, save any redemption on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, is subject to the prior approval of the Lead Regulator (as defined herein).

The Notes are expected to be rated BBB by Fitch Ratings Limited (**Fitch**) and Baa3 by Moody's Investors Service, Inc. (**Moody's**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. See "*Risk Factors - Credit ratings may not reflect all risks*" at page 28.

This document (the **Prospectus**) constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**). Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority in Luxembourg to approve this document as a prospectus under the Luxembourg Law of 10 July 2005 on Prospectuses for Securities (the **Luxembourg Prospectus Law**), which implements the Prospectus Directive in Luxembourg.

Application has also been made to the Luxembourg Stock Exchange for the Notes issued under this Prospectus to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Market and Financial Instruments Directive 2004/39/EC.

An investment in the Notes involves certain risks. For a discussion of certain of these risks, see "*Risk Factors*", on page 14.

The Notes are in bearer form, in denominations of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000.

Joint Bookrunners and Joint Lead Managers

Credit Suisse **J.P. Morgan** **UniCredit Bank**

Prospectus dated 20 July 2010

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, having taking all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

This Prospectus should be read and construed together with any documents incorporated by reference herein.

The Issuer has confirmed to the Joint Lead Managers (as defined herein) that this Prospectus contains all information regarding the Issuer, the UniCredit Group (as defined herein) and the Notes that is (in the context of the issue of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Prospectus does not omit to state any fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Notes or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

No representation or warranty is made or implied by the Joint Lead Managers or any of their respective affiliates, and none of the Joint Lead Managers nor any of their affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus. No Joint Lead Manager or any of their respective affiliates accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes. This Prospectus contains industry and customer-related data as well as calculations taken from industry reports, market research reports, publicly available information and commercial publications. It is hereby confirmed by the Issuer that (a) to the extent that information reproduced herein derives from a third party, such information has been accurately reproduced and (b) insofar as the Issuer is aware and is able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) business or prospects of the Issuer or the UniCredit Group since the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus may only be used for the purposes for which it has been published. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. In addition, this Prospectus has not been submitted to the clearance procedure of *Commissione Nazionale per le Società e la Borsa* (the Italian Securities and Exchange Commission or **CONSOB**) and may not be used in connection with any offering of the Notes in Italy other than to qualified investors, as defined by and in accordance with applicable Italian securities laws and regulations.

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus should subscribe for or purchase any Notes. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise), business and prospects of each of the Issuer and the UniCredit Group.

In this Prospectus, unless otherwise specified, references to **EUR**, **euro**, **Euro** or **€** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998; references to **GBP**, **Sterling** or **£** are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland; and references to **US Dollars** or **USD** are to the lawful currency of the United States of America. Unless otherwise specified or where the context requires and references to laws and regulations are to the laws and regulations of Italy.

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

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. These include statements relating to, among other things, the future financial performance of the Issuer and of the Issuer and its consolidated subsidiaries (the **UniCredit Group**, or the **Group**), plans and expectations regarding developments in the business, growth and profitability of the UniCredit Group and general industry and business conditions applicable to the UniCredit Group. The Issuer has based these forward-looking statements on its current expectations, assumptions, estimates and projections about future events. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results, performance or achievements of the UniCredit Group or those of its industry to be materially different from or worse than these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments except to the extent required by law.

MARKET STATISTICS

Information and statistics presented in this Prospectus regarding business trends, market trends, market volumes and the market share of the Issuer or the UniCredit Group are either derived from, or are based on, internal data or publicly available data from various independent sources. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

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GENERAL OVERVIEW

This general overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this general overview and references to a "Condition" is to such numbered condition in the Terms and Conditions of the Notes.

Issuer:	UniCredit S.p.A.
Joint Bookrunners and Joint Lead Managers:	Credit Suisse Securities (Europe) Limited J.P. Morgan Securities Ltd. UniCredit Bank AG
Principal Amount:	€500,000,000
Issue Price:	100 per cent. of the principal amount of the Notes
Issue Date:	21 July 2010
Form and Denomination:	The Notes will be issued in bearer form in denominations of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000.
Status of the Notes:	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer ranking subordinate and junior to all indebtedness of the Issuer (other than any instrument or contractual right expressed to rank *pari passu* with the Notes), *pari passu* with the most senior non-cumulative preference shares of the Issuer, if any, and senior to the other share capital of the Issuer, including its *azioni privilegiate*, ordinary shares and *azioni di risparmio*.
Redemption:	The Notes will mature and be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer, (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set at 31 December 2050), or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority. The Issuer may, at its option, also redeem the Notes in whole, but not in part, on the Interest Reset Date and on any Interest Payment Date thereafter at an amount equal to their principal amount plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*), as described in Condition 7(b) (*Redemption and Purchase – Redemption at the option of the Issuer*). In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Interest Reset Date (i) following the occurrence of a Tax Deductibility Event (as defined herein) at a redemption price equal to greater of their principal amount and the Make Whole Amount (as defined herein) or (ii) following the occurrence of a Regulatory Event or an Additional Amount Event (each as defined herein) at an

amount equal to their principal amount, plus in each case, any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*), as described in Condition 7(d) (*Redemption due to a Tax Deductibility Event*), Condition 7(e) (*Redemption due to an Additional Amount Event*) and Condition 7(c) (*Redemption due to a Regulatory Event*). Any such redemption of Notes occurring on or after the Interest Reset Date will be at an amount equal to their principal amount together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*). The Notes may not be redeemed pursuant to Conditions 7(b), (c), (d) or (e) in the event that the principal amount of the Notes has been written down and has not yet, at the relevant time, been written up in whole pursuant to Condition 6 (*Loss Absorption*).

Any redemption of the Notes, save in accordance with the first paragraph of this section "*Redemption*", is subject to the prior approval of the Lead Regulator (as defined herein).

For the avoidance of doubt, any redemption upon maturity of the Notes on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, in accordance with a resolution of the shareholders' meeting of the Issuer or any provision of its by-laws or any applicable legal provision or decision, is not subject to the approval of the Lead Regulator.

For the avoidance of doubt, the Notes may not be redeemed at the option of the holders of the Notes.

Make Whole Amount means the amount equal to the sum of the principal amount of the Note, together with interest payments to be accrued from the relevant redemption date to the Interest Payment Date on 21 July 2020, in each case, discounted to the redemption date on an annual basis (calculated on the basis of the actual number of days in the relevant calendar year and the actual number of days in such period), at the German Bund Rate plus 1.00 per cent.

Additional Amount Event means:

(a) (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the Notes; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Tax Deductibility Event means:

(a) interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, deductible by the Issuer for Italian corporate income tax purposes, or such deductibility is materially reduced, as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date (save where any non-deductibility of interest payable by the Issuer in respect of the Notes is solely as a result of the Issuer exceeding any applicable general threshold of aggregate interest expenses that may be deducted by the Issuer in any financial year for Italian corporate income tax purposes); and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Regulatory Event means any event (including any amendment to, clarification of, or change in laws or regulations applicable to the Issuer, or a change in the official interpretation thereof or policies with respect thereto, or any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, including any pronouncement or publication from the European Commission or other relevant authority), occurring or becoming effective after the date of issue of the Notes, which has, or will have, the effect that the Issuer is no longer, or will no longer be, capable of including the Notes in its Tier 1 Capital (*patrimonio di base*), except where such non-qualification is due to limits in the Issuer's capacity for innovative Tier 1 Capital (other than changes, including changes to the grandfathering limits, made by the Lead Regulator to prescribed limits, for different forms of Tier 1 Capital).

Lead Regulator means the Bank of Italy, or any successor entity of the Bank of Italy, or any other competent regulator to which the Issuer becomes subject.

Interest: The Notes will bear interest on a non-cumulative basis (a) from and including the Issue Date to but excluding the Interest Reset Date, at a fixed rate of 9.375 per cent. per annum (the **Fixed Rate of Interest**), payable annually in arrear on 21 July of each year, and (b) from and including the Interest Reset Date to the date of redemption, at a floating rate per annum of 7.49 per cent. above 3-month EURIBOR, payable quarterly in arrear on 21 July, 21 October, 21 January and 21 April of each year, commencing 21 October 2020 (the **Floating Rate of Interest**).

Optional suspension of interest: The Issuer may elect, by giving notice to the Noteholders pursuant to Condition 16 (*Notices*), not to pay all of the interest or to make a partial payment of the interest accrued to an

Interest Payment Date if (a) the Issuer does not have Distributable Profits; (b) since the Issuer's annual shareholders' meeting in respect of the financial statements for the financial year immediately preceding the year in which such Interest Payment Date falls, the Issuer has not declared or paid dividends on any Junior Securities; or (c) based on the assessment of the financial and solvency situation of the Issuer, the Issuer determines, in its sole discretion, that such payment must not be made.

Distributable Profits means net profits of the Issuer that are stated as being available for the payment of a dividend or the making of a distribution on any share capital of the Issuer, according to the non-consolidated audited annual accounts of the Issuer relating to the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls or, where such accounts are not available, the last set of non-consolidated audited annual accounts approved by the Issuer.

Mandatory suspension of interest:

The Issuer will be prohibited from (A) paying all (or part only) of the interest accrued to an Interest Payment Date if and to the extent that a Capital Deficiency Event would occur if the Issuer made the payment of interest on such Interest Payment Date; or (B) paying the interest accrued to an Interest Payment Date (a) if a Capital Deficiency Event has occurred and is continuing on such Interest Payment Date; (b) if the Issuer is prohibited under applicable Italian legislation or regulation from declaring a dividend or making a distribution on all classes of its share capital, other than in the case of a Capital Deficiency Event; or (c) if the Lead Regulator, in its sole discretion, based on its assessment of the financial and solvency situation of the Issuer, requires the Issuer to cancel the payment, subject, in relation to (a) or (b) above, to Condition 5.3 (*Interest suspension – Mandatory payment of interest*).

In addition, the Issuer will be prohibited from paying interest on an Interest Payment Date in the event that the principal amount of the Notes has been written down and has not, as at such date, been written up in whole pursuant to Condition 6 (*Loss absorption*).

Capital Deficiency Event means as a result of losses incurred by the Issuer, on a consolidated or non-consolidated basis, the total risk-based capital ratio (*coefficiente patrimoniale complessivo*) (the **Total Risk-based Capital Ratio**) of the Issuer, on a consolidated or non-consolidated basis as calculated in accordance with applicable Italian banking laws and regulations, and either (i) reported in the Issuer's reporting to the Lead Regulator (currently *Matrice dei Conti*) or (ii) determined by the Lead Regulator and communicated to the Issuer, in either case, falls below the higher of 8 per cent. or the then minimum requirements of the Lead Regulator specified in applicable regulations (the *Nuove Disposizioni di Vigilanza Prudenziale per le Banche*, set out in the Bank of Italy's *Circolare n. 263*, dated 27 December 2006, as updated on 15 January 2009 and as further amended or updated from time to time) (the **Bank of Italy Regulations**) and the Supervisory

Guidelines of the Bank of Italy (*Istruzioni di Vigilanza della Banca d'Italia*) (the **Supervisory Guidelines of the Bank of Italy**).

Junior Securities means all share capital of the Issuer, including its preferred shares (*azioni privilegiate*), ordinary shares and savings shares (*azioni di risparmio*), now or hereafter issued, other than any share capital of the Issuer that expressly or effectively rank on a parity with any Parity Security.

Parity Securities means: (a) any preference shares, guarantees or similar instruments issued by the Issuer which rank equally with the Notes (including any similar instrument of preferred securities or preferred or preference shares issued by any Subsidiary); and (b) any preferred securities or preferred or preference shares issued by any Subsidiary with the benefit of a guarantee or similar instrument from the Issuer, which guarantee or similar instrument ranks equally with the Notes (but does not include any such securities or shares issued to the Issuer (or any other member of the Group) by any such Subsidiary) including the Issuer's guarantees in relation to the €540,000,000 8.048 per cent. Trust Preferred Securities issued by UniCredito Italiano Capital Trust I, the $450,000,000 9.20 per cent. Trust Preferred Securities issued by UniCredito Italiano Capital Trust II, the €750,000,000 in liquidation preference of Trust Preferred Securities issued by UniCredito Italiano Capital Trust III, the £300,000,000 in liquidation preference of Trust Preferred Securities issued by UniCredito Italiano Capital Trust IV, the £350,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes issued by UniCredit International Bank (Luxembourg) S.A. and the €750,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes issued by UniCredit International Bank (Luxembourg) S.A., except, in each case, to the extent that the Issuer is not, or is no longer, able to treat any such securities as Tier 1 Capital (*patrimonio di base*).

Subsidiary means any person or entity which is required to be consolidated with the Issuer for financial reporting purposes under applicable Italian banking laws and regulations.

Mandatory payment of interest: Subject as set out below, the Issuer is required to pay interest on any Interest Payment Date:

(A) in full or in part, *pari passu* and *pro rata*, if and to the extent that during the three-month period prior to such Interest Payment Date the Issuer or any Subsidiary has declared, made, approved or set aside for payment a dividend or distribution in respect of any Parity Securities (each a **Parity Pusher Event**); and/or

(B) in full if and to the extent that during the three-month period prior to such Interest Payment Date

(i) the Issuer has declared or paid dividends or other distributions on any Junior Securities (other than in the form of further or other Junior Securities); and/or

(ii) the Issuer has redeemed, repurchased or acquired any Junior Securities (other than a Permitted Repurchase) or the Issuer or any Subsidiary has redeemed, repurchased or acquired any Parity Securities

(each a **Junior Pusher Event**, and together with the Parity Pusher Events, **Pusher Events**),

in each case except to the extent that a Capital Deficiency Event has occurred during the period commencing immediately following the relevant Pusher Event and ending on the relevant Interest Payment Date, or to the extent that a Capital Deficiency Event would occur if the Issuer made the payment of interest on the relevant Interest Payment Date, and *provided that*:

(i) in the event that the principal amount of the Notes, as at such Interest Payment Date, has been written down and not yet written up in whole pursuant to Condition 6 (*Loss absorption*), the Issuer will be prohibited from paying interest on such Interest Payment Date; and

(ii) the Issuer shall not be required to make any payment of interest on the Notes (a) if the Lead Regulator, in its sole discretion, based on its assessment of the financial and solvency situation of the Issuer, requires the Issuer to cancel the payment, or (b) with reference to any declaration, payment or distribution on, or redemption, repurchase or acquisition of, any other security which is itself mandatory in accordance with the terms and conditions of such security.

Permitted Repurchase means (a) any redemption, repurchase or other acquisition of Junior Securities held by any member of the Group, (b) a reclassification of the equity share capital of the Issuer or any of its Subsidiaries or the exchange or conversion of one class or series of equity share capital for another class or series of equity share capital, (c) the purchase of fractional interests in the share capital of the Issuer or any of its Subsidiaries pursuant to the conversion or exchange provisions of such security being converted or exchanged, (d) any redemption or other acquisition of Junior Securities in connection with a levy of execution for the satisfaction of a claim by the Issuer or any of its Subsidiaries, (e) any redemption or other acquisition of Junior Securities in connection with the satisfaction by the Issuer or any of its Subsidiaries of its obligations under any employee benefit plan or similar arrangement, or (f) any redemption or other acquisition of Junior Securities in connection with transactions effected by or for the account of customers of the Issuer or any Subsidiary or in connection with the distribution, trading or market-making in respect of such securities.

In addition, notwithstanding the provisions of Conditions 5.1 (*Interest suspension – Optional suspension of interest*) and 5.2 (*Interest suspension – Mandatory suspension of interest*), the Issuer is required to pay interest on an Interest Payment Date if a Regulatory Event has occurred and is continuing.

Non-cumulative interest:

Interest on the Notes will not be cumulative. Interest that the Issuer elects not to pay pursuant to Condition 5.1 (*Interest suspension – Optional suspension of interest*) or is prohibited from paying pursuant to Condition 5.2 (*Interest suspension – Mandatory suspension of interest*) will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited.

Where the Issuer elects not to pay interest pursuant to Condition 5.1 (*Interest suspension – Optional suspension of interest*) or is prohibited from paying interest pursuant to Condition 5.2 (*Interest suspension – Mandatory suspension of interest*), it shall not have any obligation to make such interest payment on the relevant Interest Payment Date, and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under the Conditions or for any purpose.

Loss absorption:

Based on the assessment of the financial and solvency situation of the Issuer, the Issuer may determine or the Lead Regulator may require, in each case in its sole discretion, that the principal amount of the Notes needs to be written down. If, as a result of losses incurred by the Issuer on a consolidated or non-consolidated basis, the total Risk-based Capital Ratio of the Issuer, on a consolidated or non-consolidated basis falls below the higher of 6 per cent. or the then minimum requirements of the Lead Regulator specified in Bank of Italy Regulations and the Supervisory Guidelines of the Bank of Italy, the principal amount of the Notes will be written down (each such event, a **Write Down Event**).

Any write-down of the principal amount of the Notes shall be made *pari passu* and *pro rata* with the Issuer's non-consolidated Tier 1 Capital (patrimonio di base) (as determined in accordance with the Bank of Italy Regulations and the Supervisory Guidelines of the Bank of Italy) but excluding any innovative or non-innovative capital instruments treated as own funds (**Core Tier 1 Capital**).

Any write-down of the principal amount of the Notes will only be made to the extent necessary to enable the Issuer to continue to carry on its activities in accordance with applicable regulatory requirements. The Issuer will notify the Noteholders in accordance with Condition 16 (*Notices*) within five business days following a write-down.

In the event that other securities which would be subject to such write-down are outstanding, such write-downs will be applied on a *pro rata* basis among the Notes and such other securities.

From the date of any Write Down Event, and as long as a Write Down Event is continuing, the Issuer will be prohibited from paying interest on any Interest Payment Date in the event that on such Interest Payment Date the principal amount of the Notes has not been written up in whole pursuant to Condition 6 (*Loss absorption*) *provided that* if a Regulatory Event has occurred and is continuing on an Interest Payment Date, the Issuer will be required to pay interest on such date and the interest shall accrue on the initial nominal amount of the Notes.

The principal of the Notes will be written up:

(a) to the original principal amount, in the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*); and

(b) to the maximum extent permitted (up to the original principal amount), from time to time, *pari passu* and *pro rata* with the Issuer's Core Tier 1 Capital within the limits of Available Distributable Profits, *provided that* the Write Down Event has ceased and is no longer continuing.

Available Distributable Profits means net profits of the Issuer (generated, for the avoidance of doubt, following the occurrence of the relevant Write Down Event) that are stated as being available for the payment of a dividend or the making of a distribution on any share capital of the Issuer, according to the most recent non-consolidated audited annual accounts of the Issuer.

In the event that other securities which would be subject to such write-up (howsoever described in the terms of the relevant securities) are outstanding, such write-ups will be applied on a *pro rata* basis among the Notes and such other securities.

For the avoidance of doubt, write-down and write-up of the principal amount of the Notes may occur on one or more occasions.

Modification following a Regulatory Event or a Tax Event:

Where a Regulatory Event or a Tax Event occurs and is continuing, the Issuer may, without prejudice to its option to redeem under Condition 7(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 7(d) (*Redemption and Purchase – Redemption due to a Tax Deducibility Event*) and 7(e) (*Redemption and Purchase – Redemption due to an Additional Amount Event*), modify the terms and conditions of the Notes without the consent or approval of the Noteholders to the extent that such modification is reasonably necessary to ensure that no Regulatory Event or Tax Event would exist after such modification, provided that following such modification the terms and conditions of the Notes, as so modified, are held on terms and conditions which are no more prejudicial to Noteholders than the terms and conditions of the Notes prior to such modification, as described in Condition 13.3 (*Modification following a Regulatory Event or a Tax Event*).

Taxation:

All payments in respect of the Notes by the Issuer will be made free and clear of withholding or deduction for or on account of any present or future taxes, duties, assessment or governmental charges of whatever nature, imposed or levied by or on behalf of any Tax Jurisdiction (subject to certain customary exceptions), unless such withholding or deduction is required by law. In that event, the Issuer will (subject as provided in Condition 9 (*Taxation*)) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction.

	Tax Jurisdiction means (a) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax and (b) any other jurisdiction or any political subdivision or any authority thereof and therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.
Governing Law:	The Notes and any non-contractual obligations arising out of them will be governed by English law, except that the subordination provisions thereof and any non-contractual obligations arising out of them will be governed by the laws of the Republic of Italy.
Listing and Trading:	Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the Official List of the Luxembourg Stock Exchange. Total expenses related to admission to trading are estimated to be €17,100.
Rating:	The Notes are expected to be rated BBB by Fitch and Baa3 by Moody's. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. See "*Risk Factors* – *Credit ratings may not reflect all risks*" at page 28.**
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom and Italy see "*Subscription and Sale*" below.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
ISIN:	XS0527624059
Common Code:	052762405

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere (including the information incorporated by reference) in this Prospectus and reach their own views prior to making any investment decision.

References to the ***Group*** *are to the Issuer and each of its subsidiaries. Otherwise, words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section. References to a "Condition" is to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read the entire Prospectus.*

RISK FACTORS IN RELATION TO THE ISSUER

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

The Group's businesses are subject to risks concerning liquidity which are inherent in its banking operations, and could affect the Group's ability to meet its financial obligations as they fall due or to fulfil commitments to lend. In order to ensure that the Group continues to meet its funding obligations and to maintain or grow its business generally, it relies on customer savings and transmission balances, as well as ongoing access to the wholesale lending markets. The ability of the Group to access wholesale and retail funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and confidence in the Italian banking system.

The global financial system has yet to overcome the difficulties which first manifested themselves in August 2007, and were intensified by the bankruptcy filing of Lehman Brothers in September 2008. Financial market conditions have remained challenging and, in certain respects, have deteriorated. In addition, the continued concern about sovereign credit risks in the Euro-zone has progressively intensified over the last six months, and became more acute in early May 2010. The large sovereign debts and/or fiscal deficits in the affected countries has raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries, in particular following the recently agreed International Monetary Fund and European Union support package for Greece. These concerns may impact the ability of Euro-zone banks to access the funding they need, or may increase the costs of such funding, which may cause such banks to suffer liquidity stress. Such contagion may also extend to banks outside the European Union, in particular to those economies on the periphery of the European Union, including certain Central and Eastern European countries in which the Group operates. The European Union has carried out "stress tests" of 100 Euro-zone banks' financial health, and the results of these tests are scheduled to be published on 23 July 2010. The Bank of Italy has also announced that it will publish the results of the stress tests conducted on Italian financial institutions. The results of the stress tests on European banks are not known as at the date of this Prospectus, and there is no guarantee that the publication of the results of such stress tests will restore confidence in the European financial system. If the current concerns over sovereign and bank solvency continue, there is a danger that inter-bank funding may become generally unavailable or available only at elevated interest rates, which might impact the Group's access to, and cost of, funding. Furthermore, UniCredit was among the banks included in the stress tests conducted by the

European Union and by the Bank of Italy. Although management does not expect the results of the stress tests conducted on UniCredit to be negative, there can be no assurance as to how the markets will react to the publication of the test results. A loss of confidence in the banking sector arising from the publication of these test results could have an adverse effect on the Group's access to, and cost of, funding. Should the Group be unable to continue to source a sustainable funding profile, the Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely impacted.

Systemic risk could adversely affect the Group's business

In recent years, the global credit environment was adversely affected by significant instances of default and there can be no certainty that further such instances will not occur. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Group interacts on a daily basis and therefore could adversely affect the Group.

Risks associated with general economic, financial and other business conditions

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

As discussed under "*Risks concerning liquidity which could affect the Group's ability to meet its financial obligations as they fall due*", above, these risks are exacerbated by concerns over the levels of the public debt of, and the weakness of the economies in, certain Euro-zone countries. There can be no assurance that the recently announced initiatives aimed at stabilising the markets will be sufficient to avert "contagion", i.e. the risk that the Greek sovereign debt crisis will spread to other indebted countries. If there were to be a downgrade in the sovereign debt of the countries in which the Group operates, such downgrade, or the perception that such a downgrade may occur, would be likely to have a material effect in depressing economic activity and restricting the availability, and increasing the cost, of funding for individuals and companies, which might have a material adverse effect on the Group's operating results, financial condition and prospects.

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

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

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

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

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

Risk connected to the U.S. subprime market crisis

The Group's total direct and indirect exposure to U.S. subprime loans at 31 December 2009 was approximately €35.7 million on a consolidated level (including U.S. Residential Mortgage Backed Securities (**RMBS's**) and Collateralised Debt Obligations (**CDO's**). Certain companies in the Group also sponsor conduits that issued securities to finance the acquisition of mortgage backed loans, which are included in the Group's consolidated accounts starting from the 2007 financial year: as at 31 December 2009, the total exposure in relation to these conduits amounted to approximately €2.3 billion. Finally, the Group does not sponsor any structured investment vehicles (**SIV's**) but invests in notes issued by SIV's, therefore, SIV's are not consolidated in the Group's accounts.

Additionally, the following vehicles are now included in consolidation: Altus Alpha Plc, Grand Central Funding Corp., Redstone Mortgages Plc and a further 11 vehicles operating with underlying U.S. municipal and local government bonds. The total exposure in relation to these vehicles as at 31 December 2009 was €2.8 billion.

Although management believes that the Group's overall exposure to the U.S. subprime market is not material, UniCredit may suffer losses as a result of the financial turmoil triggered by the subprime markets crisis. In particular, the lack of liquidity in the credit markets that has characterised the subprime crisis has effectively increased UniCredit's funding costs and prevented UniCredit from syndicating some loans that UniCredit would have syndicated in the former environment. UniCredit's management also expects that the results of the Group investment banking operations will suffer from the downturn in market activity experienced since 2007, which may continue.

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

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

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

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

Risks associated with the Group's exposure to Central and Eastern European countries

An important element of the Group's strategy is to expand and develop its business in Central and Eastern Europe. The countries of Central and Eastern Europe have undergone rapid political, economic and social change since the end of the 1980s, and this process was accelerated by the accession to the European Union in May 2004 of many of the Central and Eastern European countries in which companies of the Group operate. A delay in, or the disruption of, the accession process with regard to the Central and Eastern European countries that have not yet joined the European Union (Croatia and Turkey) may have material adverse consequences for the economies of these countries and the Group's business in these countries.

UniCredit also expects that competitive pressures in Central and Eastern Europe will increase, as banking groups already active in the banking markets will seek to expand their presence, and new entrants may also move into these markets.

The countries of Central and Eastern Europe were adversely affected by the worldwide economic downturn, and the region may face further challenges in coming years due in part to European Union legal, fiscal and monetary policies, which may limit a country's ability to respond to local economic circumstances. A decrease in availability of liquidity exposed the region's dependence on foreign funding, leading to a widening of credit spreads and a credit crunch in certain parts of the region. Further factors, including the lower credit ratings of Central and Eastern European countries and many Central and Eastern European banks, as well as pressure on the region's currencies, contributed to a review of the growth prospects of the region. In particular, Ukraine has experienced a significant currency devaluation and reduction in gross domestic product, causing a deterioration of its banking system.

While the Group continues to focus on credit risk management, close monitoring of the liquidity position in CEE countries, generation of deposits to boost liquidity, capital injections (including in the Group's Ukrainian subsidiary) and further cost reductions, reaffirming its long-term commitment to the region, there are significant risks associated with doing business in these countries. There are significant differences in the nature of the risks from one country to another, but they generally include comparatively volatile economic, political, foreign exchange and stock market conditions, as well as, in many cases, less developed political, financial and legal infrastructures. Any further deterioration of economic and market conditions in Central and Eastern Europe may also increase the counterparty credit risk associated with this region. There can be no assurance that the Group's financial condition or results of operations will not be materially adversely affected as a result of one or more of these risks.

Risks associated with activities of the Group in Kazakhstan

The current financial crisis has had a significant impact on the Kazakh economy and, more specifically, on the real estate sector which was affected by rapid decreases in prices. The Kazakh banking system, which is structurally dependant on the real estate sector, suffered a general deterioration and

in 2009 two of the largest banks were nationalised and the four largest banks, with predominantly local shareholdings, accessed state aid.

In order to address the deterioration of its Kazakh credit portfolio, in 2009 UniCredit carried out a recapitalisation of its subsidiary ATF and allocated reserves for losses as at 31 December 2009 in an amount equal to €499 million.

Given the duration of the crisis affecting the Kazakh economy, it is not possible to exclude that a further deterioration of financial conditions of customers might lead the Group to evaluate further initiatives aimed at supporting its subsidiary ATF, with possible negative impact on the financial condition or results of operations of the Group.

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

Many of the business activities of the Group that go beyond the traditional banking business of lending and deposit-taking will expose the Group to additional credit risk. Non-traditional credit risk can, for example, arise from:

(a) entering into derivatives contracts under which counterparties have obligations to make payments to entities of the Group;

(b) executing securities, futures, currency or commodity trades that fail to settle timely due to non delivery by the counterparty or to systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries (including the Group);

(c) owning securities of third parties; and

(d) extending credit through other arrangements.

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

The Group's risk management policies may fail to provide adequate protection

The Group classifies the risk elements in its Italian loan portfolio in accordance with the appropriate requirements of the Bank of Italy and of Italian law, which may not be as strict as the corresponding requirements in certain other countries. The Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Group fails to identify or anticipate. Any failure in the Group's risk management system and strategies may cause the Group to suffer unexpected losses from unidentified or incorrectly evaluated market developments, trends or other circumstances. These risks and the adverse effects from them may be further aggravated by the complex integration of the risk management systems of the Group with those of acquired entities, as further described under "*Risks associated with the integration of recent acquisitions*" below. Furthermore, If existing or potential customers believe that the Group's risk management policies and procedures are inadequate, the Group's reputation as well as its revenues and profits may be negatively affected.

The Group, like all financial institutions, is also exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors (including errors resulting from faulty computer or telecommunications systems) and the risk of losses arising from workplace safety claims, client claims, products distribution claims, fines and

penalties due to regulation breaches, damage to the company's physical assets and business disruption. The Group's systems and processes are designed to ensure that the operational risks associated with the Group's activities are appropriately monitored. A malfunction or defect in these systems, however, could adversely affect the Group's financial performance and business activities.

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

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

Lending and deposits activities are strictly dependent on the interest rate risk hedging policies of the Group; in particular the correlation between changes in the interest rates in the reference markets and those in the interest margin. Although UniCredit carries out strategic hedges with the aim of minimising the risk of interest rate fluctuations via entering into derivative contracts, such hedging strategies could be inadequate. As a result, a mismatch between the interest income realised by the Group and the interest expenses due to them, following the movement in interest rates, could significantly affect the financial position and operating results of the Group.

Furthermore, a significant portion of the business of the Group is carried out in currencies other than the Euro, predominantly in the legal tender of CEE countries and in US dollars. This exposes the Group to risks connected with fluctuations in exchange rates and with the monetary market.

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

The Group is subject to extensive regulation and supervision by the Bank of Italy, the Italian Securities and Exchange Commission (**CONSOB**), the European Central Bank and the European System of Central Banks. The banking laws to which the Group is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Group must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Group, including proposed regulatory initiatives that could significantly alter the Group's capital requirements, such as:

- EU Directive 2009/111/EC (**CRD II**), due to be implemented by 31 December 2010, will change the criteria for assessing hybrid capital eligible to be included in Tier 1 Capital and may require the Group to replace, over a staged grandfathering period, existing capital instruments that do not fall within these revised eligibility criteria. Pending the transposition of CRD II into Italian law, there is still significant uncertainly around the interpretation and the implementation of the Directive and any transposing Italian law as it relates to the Bank.

- EU Capital Requirements Directive III (**CRD III**) (currently subject to consultation, with implementation of the rules expected to occur by 31 December 2011) will introduce a number of changes in response to the recent and current market conditions, which may:

  – Increase the capital requirements for trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;

  – Limit investments in re-securitisations and impose higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and

  - Increase disclosure standards.

- In December 2009, the Basel Committee on Banking Supervision proposed strengthening the global capital framework by, among other things:

  - raising the quality of the Core Tier 1 Capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base),

  - strengthening the risk coverage of the capital framework,

  - promoting the build up of capital buffers and

  - introducing a global minimum liquidity standard for the banking sector (any changes are not expected to be implemented until after 2012).

- In February 2010, the European Commission issued a public consultation document on further possible changes to the Capital Requirements Directive IV (**CRD IV**), which is closely aligned with the above-mentioned Basel Committee proposals.

Significant uncertainty remains around the final requirements and implementation of these proposed initiatives. If certain of these measures were implemented as currently proposed, in particular the changes proposed by the Basel Committee and the CRD IV consultation document relating to the definition of and instruments that are eligible to be included within the Core Tier 1 Capital base, they would be expected to have a significant impact on the capital and asset and liability management of the Group.

Such changes in the regulatory framework, in how such regulations are applied may have a material effect on the Group's business and operations. As the new framework of banking laws and regulations affecting the Group is currently being implemented, the manner in which those laws and related regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Group.

Risks associated with IT systems

The Group's banking activities are dependent on highly sophisticated information technology (IT) systems, which are vulnerable to a number of problems including viruses, hacking and other causes of system failure. These risks and the adverse effects resulting from them may be further aggravated by the complex harmonisation and integration of the Group's IT commercial platforms in Germany and Austria.

A failure of the Group to fully implement its strategy may have a material adverse effect on the Group's business, financial condition and results of operations

The objective of the Group is to create a new force in European banking with leading positions in its core markets in Italy, Germany, Austria and Central and Eastern Europe as well as a balanced business portfolio and enhanced growth prospects, and it has defined a number of strategic goals in order to achieve this objective. There can be no assurance that the Group will be successful in achieving these strategic goals or that achievement thereof will be sufficient to accomplish the objectives of the Group. A number of factors, some of which are outside the control of the Group (such as market declines and unfavourable macroeconomic conditions in the Group's core markets), the failure to establish clear governance rules within the Group and to align the strategies of the Group's entities with the strategy of the Group as a whole, as well as the failure to integrate the businesses of the Group, could result in an inability to implement some or all of the Group's strategic goals or to fully realise expected synergies, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks associated with the integration of recent acquisitions

In the past five years, UniCredit has concluded or negotiated a number of acquisition agreements, including significant acquisitions in Italy, Germany and Central and Eastern European countries. The integration of these acquisitions has involved and will involve integration challenges, particularly where management information and accounting systems differ materially from those used elsewhere in the Group. Although management believes it has the resources needed to successfully integrate these operations, it is possible that further integration difficulties could arise or that unanticipated problems could be discovered in one or more of the acquired entities.

The current structure of the Group has been significantly influenced by the acquisition by UniCredit of HVB in 2005 and of the business combination with the banking group formerly headed by Capitalia S.p.A. (the **former Capitalia Group**) in 2007. A key part of UniCredit's strategy is to use the synergies from the terms of the aggregation with HVB and the former Capitalia Group to strengthen its competitive position in the markets in which the Group operates. While the integration of the former Capitalia Group has been completed, the integration of HVB is in a phase of advanced implementation.

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

Competition is intense in all of the Group's primary business areas in Italy, Germany, Austria and Central and Eastern Europe and in the other countries in which the Group conducts its business. The Group derives a substantial part of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Group is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Group, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for which to compete.

Ratings

UniCredit is rated by Fitch Ratings Limited (**Fitch**), by Moody's Investors Service Limited (**Moody's**) and by Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies Inc. (**Standard & Poor's**).

In determining the rating assigned to UniCredit, these rating agencies consider and will continue to review various indicators of the Group's performance, UniCredit's profitability and its ability to maintain its consolidated capital ratios within certain target levels. If UniCredit fails to achieve or maintain any or a combination of more than one of the indicators, including if UniCredit is unable to maintain its consolidated capital ratios within certain target levels, this may result in a downgrade of UniCredit's rating by Fitch, Moody's or Standard & Poor's.

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

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

Risks in connection with legal proceedings

The Group is subject to certain claims and is a party to some legal and other proceedings relating to the normal course of its business. They are all separate actions in the ordinary course of business that have been duly analysed by UniCredit and the Group companies concerned, including as to

whether, as appropriate or necessary, to effect provisions (to the extent possible) in an amount believed suitable according to the circumstances or to make a mention thereof in a supplementary note to the balance sheet, in accordance with the appropriate standard of accounting principles. In particular, as at 31 December 2009, the Group had made provisions for approximately €1,293 million to cover the risk and charges associated with such lawsuits and clawback actions (excluding employment, tax and credit recovery lawsuits) by the Group. Provisions cannot be made in respect of all legal proceedings as in certain cases it may be difficult or impossible to quantify the relevant amount, for example in respect of investigations by regulatory authorities where damages have not been specified. The unfavourable outcome of such lawsuits might, however, result in a negative effect on the economic and financial situation of the Group and of companies which are themselves the subject of the proceedings, even though at present it is not foreseen that such negative outcomes will significantly effect their activities or solvency.

RISK FACTORS IN RELATION TO THE NOTES

An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid by the Issuer and/or a material impairment of the market price of the Notes. The following is a description of certain risk factors in relation to the Notes.

The Notes may not be a suitable investment for all investors

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Issuer has no obligation to redeem the Notes

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

Redemption risk

The Notes will be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer as described in Condition 7 (*Redemption and Purchase*).

The Issuer may, at its option, redeem the Notes in whole, but not in part, on the Interest Reset Date and on any Interest Payment Date of the Notes thereafter at an amount equal to their principal amount together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*), as described in Condition 7(b) (*Redemption at the option of the Issuer*). In addition, the Issuer may also, at its option, redeem the Notes in whole, but not in part, at any time before the Interest Reset Date following the occurrence of a Tax Deductibility Event (as defined herein) at a redemption price equal to greater of their principal amount and the Make Whole Amount (as defined herein), or following a Regulatory Event or an Additional Amount Event (each as defined herein) at a redemption price equal to their principal amount, plus, in each case, any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*) as described in Condition 7(d) (*Redemption due to a Tax Deductibility Event*), Condition 7(c) (*Redemption due to a Regulatory Event*) and Condition 7(e) (*Redemption due to an Additional Amount Event*). Any such redemption of Notes occurring after the Interest Reset Date will be at an amount equal to their principal amount together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*). The Notes may not be redeemed pursuant to Conditions 7(b), (c), (d) or (e) in the event that the principal amount of the Notes has been written down and has not yet, at the relevant time, been written up in whole pursuant to Condition 6 (*Loss absorption*).

Any redemption of the Notes, save any redemption on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, is subject to the prior approval of the Lead Regulator (as defined herein). If the Issuer redeems the Notes in any of the circumstances mentioned above, the Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield.

No limitation on issuing debt

There is no restriction on the amount of liabilities which the Issuer may issue or guarantee which rank senior to the Notes or on the amount of liabilities which the Issuer may issue or guarantee which rank *pari passu* with the Notes.

The occurrence of such issue or guarantee may reduce the amount recoverable by Noteholders on a liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer. In addition, such increased liabilities may increase the risk of suspension of interest payments by the Issuer.

Subordination

The Notes will be unsecured, subordinated obligations of the Issuer. Upon the occurrence of any winding-up proceedings of the Issuer, payments on the Notes will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer (including dated subordinated obligations), except those liabilities which rank *pari passu* with, or junior to, the Issuer's obligations under the Notes. In liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, the Noteholders may recover proportionally less than the holders of unsubordinated and Less Deeply Subordinated Obligations (as defined herein) of the Issuer.

The Noteholders explicitly accept that, in the circumstances described above, payments in respect of the Notes will be made by the Issuer pursuant to the Notes only in accordance with the subordination described above.

Optional suspension of interest payments

Noteholders should be aware that the Issuer may elect in its discretion not to pay all (or part only) of the interest accrued to an Interest Payment Date if (a) the Issuer does not have Distributable Profits;

(b) since the Issuer's annual shareholders' meeting in respect of the financial statements for the financial year immediately preceding the year in which such Interest Payment Date falls, no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Securities; or (c) based on the assessment of the financial and solvency situation of the Issuer, the Issuer determines, in its sole discretion, that such payment must not be made, subject, in each case, to Condition 5.3 (*Interest suspension – Mandatory payment of interest*). For further details see Condition 5.1 (*Interest suspension – Optional suspension of interest*). The Issuer will be prohibited from paying interest accrued to an Interest Payment Date in the circumstances set out in Condition 5.2 (*Interest suspension – Mandatory suspension of interest*) and Condition 6 (*Loss absorption*).

Interest on the Notes will not be cumulative and interest that the Issuer elects not to pay pursuant to Condition 5.1 (*Interest suspension – Optional suspension of interest*) will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited. As a consequence, if interest is suspended, Noteholders will not receive, and will have no right to receive, such interest at any time, even if dividends or other distributions are subsequently declared made, approved or set aside for payment in respect of any Junior Securities.

Mandatory suspension of interest payments and limitations to mandatory payment of interest

Noteholders should be aware that the Issuer will be prohibited from (A) paying all (or part only) of the interest accrued to an Interest Payment Date if and to the extent that a Capital Deficiency Event would occur if the Issuer made the payment of interest on such Interest Payment Date; or (B) paying the interest accrued to an Interest Payment Date (a) if a Capital Deficiency Event has occurred and is continuing on such Interest Payment Date; (b) if the Issuer is prohibited under applicable Italian legislation or regulation from declaring a dividend or making a distribution on all classes of its share capital, other than in the case of a Capital Deficiency Event; or (c) if the Lead Regulator, in its sole discretion, based on its assessment of the financial and solvency situation of the Issuer, requires the Issuer to cancel the payment, subject, in relation to (a) or (b) above, to Condition 5.3 (*Interest suspension – Mandatory payment of interest*). The Issuer will be prohibited from paying interest on an Interest Payment Date in the event that the principal amount of the Notes has been written down and has not, as at such date, been written up in whole pursuant to Condition 6 (*Loss absorption*).

In addition, the Issuer will not be required to pay interest under Condition 5.3 (*Interest suspension – Mandatory payment of interest*) to the extent that a Capital Deficiency Event has occurred during the period commencing immediately following the relevant Pusher Event and ending on the relevant Interest Payment Date, or to the extent that a Capital Deficiency Event would occur if the Issuer made the payment of interest on the relevant Interest Payment Date, *provided that*, in any event, (i) the Issuer will be prohibited from paying interest on an Interest Payment Date in the event the principal amount of the Notes as at such Interest Payment Date has been written down and has not yet been written up in whole pursuant to Condition 6 (*Loss absorption*); and (ii) the Issuer shall not be required to make any payment of interest on the Notes (a) if the Lead Regulator, in its sole discretion, based on its assessment of the financial and solvency situation of the Issuer, requires the Issuer to cancel the payment, or (b) with reference to any declaration, payment or distribution on, or redemption, repurchase or acquisition of, any other security which is itself mandatory in accordance with the terms and conditions of such security. For further details see Conditions 5.2 (*Interest suspension – Mandatory suspension of interest*) and 5.3 (*Interest suspension – Mandatory payment of interest*).

Interest on the Notes will not be cumulative and interest that the Issuer is prohibited from paying pursuant to Condition 5.2 (*Interest suspension – Mandatory suspension of interest*) will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited. As a consequence, if interest is suspended, Noteholders will not receive, and will have no right to receive, such interest at any time, even if dividends or other distributions are subsequently declared made, approved or set aside for payment in respect of any Junior Securities.

Loss absorption

Noteholders should be aware that, based on the assessment of the financial and solvency situation of the Issuer, the Issuer may determine or the Lead Regulator may require, in each case in its sole discretion, that the principal amount of the Notes needs to be written down. If, as a result of losses incurred by the Issuer on a consolidated or non-consolidated basis, the total Risk-based Capital Ratio of the Issuer, on a consolidated or non-consolidated basis falls below the higher of 6 per cent. or the then minimum requirements of the Lead Regulator specified in Bank of Italy Regulations and the Supervisory Guidelines of the Bank of Italy, the principal amount of the Notes will be written down. Any write-down of the principal amount of the Notes shall be made, *pari passu* and *pro rata* with the Issuer's Core Tier 1 Capital and only to the extent necessary to enable the Issuer to continue to carry on its activities in accordance with applicable regulatory requirements. In any such case, the provisions of Condition 5.2 (*Interest suspension – Mandatory suspension of interest*) will apply.

The Notes may not be redeemed pursuant to Conditions 7(b), (c), (d) or (e) in the event that the principal amount of the Notes has been written down and has not yet, at the relevant time, been written up in whole pursuant to Condition 6 (*Loss absorption*).

The principal amount of the Notes will, under certain circumstances, be written up as described in Condition 6 (*Loss absorption*).

Variation of the terms and conditions of the Notes

The Issuer may in certain circumstances modify the terms and conditions of the Notes without any requirement for the consent or approval of Noteholders to the extent that such modification is reasonably necessary to ensure that no Regulatory Event or Tax Event would exist after such modification, provided that following such modification the terms and conditions of the Notes are broadly no more prejudicial to Noteholders than the terms and conditions of the Notes prior to such modification, as described in Condition 13.3 (*Modification following a Regulatory Event or a Tax Event*).

The secondary market generally

Although application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange, the Notes will have no established trading market when issued and one may never develop. The Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that any such liquidity will continue for the life of the Notes. Consequently, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Fixed Interest Rate

Until the Interest Reset Date, the Fixed/Floating Rate Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the **Market Interest Rate**). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately

equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes and lead to losses for Noteholders if they sell Notes before the Interest Reset Date.

Floating Interest Rate

After the Interest Reset Date, the Notes will carry floating rate interest. A holder of a security with a floating rate of interest is exposed to fluctuations in interest rate levels and uncertain interest earnings.

Qualification of the Notes under Italian taxation law

Italian tax law does not provide for any specific and proper definition of the categories of "bonds" and "debentures similar to bonds" referred to in Article 1 and following of Decree No. 239. The statements contained in the section "*Taxation – Italy*", as for the applicability of the tax regime provided for by Decree No. 239 to the Notes, are based on the clarifications given by the Italian Revenue Agency in Circular No. 4/E of 18 January 2006, according to which bonds may have a maturity which is not scheduled at a specific date, but it is linked to the maturity of the company (as in the case of the Notes whose maturity is linked to the maturity of the Issuer) or to the liquidation thereof, if the company has been set-up with an undetermined maturity pursuant to Article 2328 (2), No. 13, of the Italian Civil Code. Prospective purchasers and holders of the Notes must take into account that the above clarifications (as well as the Italian tax provisions in effect as of the date of this Prospectus) are subject to changes, which could also have retroactive effects. Should, following a change in the Italian tax provisions or in the interpretation followed by the Italian tax authorities, the Notes be qualified as "atypical securities" pursuant to Article 5 of Law Decree No. 512 of 30 September 1983 (instead of being qualified as "bonds" or "debentures similar to bonds" subject to the tax regime described in the section "*Taxation – Italy*"), interest and other proceeds (including the difference between the redemption amount and the issue price) in respect of the Notes could be subject to an Italian, final or provisional, withholding tax at a rate of 27 per cent. if owed to beneficial owners that are not resident in Italy for tax purposes or to certain categories of Italian resident beneficial owners, depending on the legal status of the beneficial owner of such interest and other proceeds.

The applicability of such a withholding tax in relation to interest and other proceeds paid to Italian and non-Italian resident beneficiaries would give rise to an obligation of the Issuer to pay Additional Amounts pursuant to Condition 9 (*Taxation*) (except in certain circumstances) and would, as a consequence, allow the Issuer to redeem the Notes at their principal amount, together with interest accrued pursuant to Condition 7(e) (*Redemption and Purchase – Redemption due to an Additional Amount Event*).

EU Savings Directive

Under EC Council Directive 2003/48/EC 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 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 on 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 agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State of the EU which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes are represented by Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

The Notes have a minimum denomination of €50,000 plus integral multiples of €1,000

The Notes have a minimum denomination of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000. Consequently, it is possible that the Notes may be traded in amounts in excess of €50,000 that are not integral multiples of €50,000. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €50,000 may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to €50,000.

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

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

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

Credit ratings may not reflect all risks

One or more independent rating agencies may assign ratings to the Notes and the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section and other factors that may affect the value of the Notes or the standing of the Issuer. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the assigning rating agency at any time.

Any change in the credit ratings assigned to the Notes may affect the market value of the Notes. Such change may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Notes, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally.

Legal investment considerations may restrict certain investments

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

Regulatory classification of the Notes

The Issuer intends the Notes to qualify as Tier 1 Capital (*patrimonio di base*). Current regulatory practice by the Bank of Italy (acting as Lead Regulator) does not require (or customarily provide) a confirmation prior to the issuance of the Notes that the Notes will be treated as such.

Although it is the Issuer's expectation that the Notes qualify as Tier 1 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 grandfathered under the implementation of future EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as Tier 1 Capital, the Issuer will have the right to redeem the Notes in accordance with Condition 7(c) (*Redemption due to a Regulatory Event*), see "*Redemption risk*", above.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Prospectus:

Document	Information incorporated	Page numbers
Issuer's audited consolidated financial statements as at and for the financial year ended 31 December 2009	Balance sheet	122-123
	Income statement	124
	Statement of cash flows	128-129
	Explanatory notes	131-435
	Auditors' report	508-509
Issuer's audited consolidated financial statements as at and for the financial year ended 31 December 2008	Balance sheet	138-139
	Income statement	141
	Statement of cash flows	144-145
	Explanatory notes	147-553
	Auditors' report	632-633
Issuer's unaudited consolidated interim financial statements as at and for the three months ended 31 March 2010	Balance sheet	10
	Income statement	11
	Report on operations	17-66
Issuer's unaudited consolidated interim financial statements as at and for the three months ended 31 March 2009	Balance sheet	10
	Income statement	11
	Report on operations	14-53
Issuer's articles of incorporation	Entire document	

Any information not listed in the cross-reference list above, but included in the documents incorporated by reference, is given for information purposes only.

The Issuer accepts responsibility for the English translation of its financial statements incorporated into this Prospectus.

The interim financial information as at 31 March 2010 included in this Prospectus has been prepared in accordance with IFRS but does not contain sufficient information to constitute an interim financial report prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting."

The Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein. Request for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. In addition such documents will be available, without charge, at the principal office of the Fiscal Agent in Luxembourg and on the Luxembourg Stock Exchange's website (*www.bourse.lu*).

A supplement to the Prospectus may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Any such supplement will be published on the Luxembourg Stock Exchange's website (*www.bourse.lu*) Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which will be endorsed on each Note in definitive form.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes While in Global Form" below.

The €500,000,000 non-cumulative step-up fixed/floating rate perpetual subordinated notes (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) of UniCredit S.p.A. (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 21 July 2010 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, Citibank, N.A., London Branch as fiscal agent, principal paying agent and agent bank (the **Fiscal Agent**, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the other initial paying agents named therein (together with the Fiscal Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are a summary of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the **Noteholders**) and the holders of the related interest coupons and the talons (**Talons**) for further interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons,** which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of each of the Paying Agents, the initial specified offices of which are set out below.

1. INTERPRETATION

1.1 Definitions

In these Conditions the following expressions have the following meanings:

Additional Amount Event means:

(a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

Available Distributable Profits has the meaning given in Condition 6 (*Loss absorption*);

Bank of Italy Regulations means the Regulations of the Bank of Italy relating to the capital adequacy of banks (*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*, set out in the Bank of Italy's *Circolare n. 263*, dated 27 December 2006, as updated on 15 January 2009 and as further amended or updated from time to time);

Business Day means a London Business Day;

Calculation Agent means the Fiscal Agent or any successor calculation agent appointed from time to time in connection with the Notes;

Calculation Amount has the meaning given in Condition 4 (*Interest*);

Capital Deficiency Event means, as a result of losses incurred by the Issuer on a consolidated or non-consolidated basis, the Total Risk-Based Capital Ratio, on a consolidated or non-consolidated basis, as calculated in accordance with applicable Italian banking laws and regulations, and either (i) reported in the Issuer's reporting to the Lead Regulator (currently *Matrice dei Conti*) or (ii) determined by the Lead Regulator and communicated to the Issuer, in either case, falls below the higher of 8 per cent. or the then minimum requirements of the Lead Regulator specified the Bank of Italy Regulations and the Supervisory Guidelines of the Bank of Italy;

Comparable German Bund Issue means the German Bund security selected by the Calculation Agent as having a maturity comparable to 21 July 2020 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities having a maturity of 21 July 2020;

Comparable German Bund Price means:

(i) the average of five Reference German Bund Dealer Quotations for the relevant Make Whole Event Redemption Date, after excluding the highest and lowest such Reference German Bund Dealer Quotations; or

(ii) if the Calculation Agent obtains fewer than five such Reference German Bund Dealer Quotations, the average of all such Reference German Bund Dealer Quotations;

Core Tier 1 Capital has the meaning given in Condition 6 (*Loss Absorption*);

Coupon Sheet means, in respect of a Note, a coupon sheet relating to the Note;

Decree No. 239 has the meaning given in Condition 9 (*Taxation*);

Distributable Profits means net profits of the Issuer that are stated as being available for the payment of a dividend or the making of a distribution on any share capital of the Issuer, according to the non-consolidated audited annual accounts approved by the Issuer relating to the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls or, where such accounts are not available, the last set of non-consolidated audited annual financial statements approved by the Issuer prior to the relevant Interest Payment Date;

EURIBOR1 means the display designated "EURIBOR1" on Reuters (or such other page as may replace that page on that service or such other service or services as may be nominated as the information vendor for the purposes of displaying comparable rates);

Euro-zone means the region comprised of Member States of the European Union that adopted the single currency in accordance with the Treaty on the functioning of the European Union, as amended;

Extraordinary Resolution has the meaning given in the Agency Agreement;

Fixed Rate Day Count Fraction means in respect of the calculation of an amount for any period of time in an Interest Period when Condition 4.1 (*Interest – Fixed Rate*) applies (for the purposes of this definition, the **Calculation Period**), the actual number of days in the Calculation Period divided by the actual number of days in the relevant calendar year;

Fixed Rate of Interest has the meaning given in Condition 4.1 (*Interest – Fixed Rate*);

Floating Rate Day Count Fraction means in respect of the calculation of an amount for any period of time in an Interest Period when Condition 4.2 (*Interest – Floating Rate*) applies (for the purposes of this definition, the **Calculation Period**), the actual number of days in the Calculation Period divided by 365;

Floating Rate Interest Determination Date has the meaning given in Condition 4.2 (*Interest – Floating Rate*);

Floating Rate of Interest has the meaning given in Condition 4.2 (*Interest – Floating Rate*);

German Bund Rate means, with respect to the relevant Make Whole Event Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price calculated by the Calculation Agent;

German Business Day means a day other than a Saturday or Sunday or a day on which banking institutions in Frankfurt, Germany, are authorised or required by law or executive order to remain closed;

Group means the Issuer and its Subsidiaries;

Guarantor has the meaning given in Condition 14 (*Substitution*);

Initial Interest Period means each period beginning on (and including) the Issue Date or any Initial Period Interest Payment Date and ending on (but excluding) the next Initial Period Interest Payment Date or the Interest Reset Date, as the case may be;

Initial Period Interest Payment Date means 21 July of each year, beginning 21 July 2010 to and including 21 July 2020;

Interest Amount means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

Interest Payment Date means an Initial Period Interest Payment Date or a Step-up Period Interest Payment Date, as the case may be;

Interest Period means an Initial Interest Period or a Step-Up Interest Period, as the case may be;

Interest Reset Date has the meaning given in Condition 4.1 (*Interest – Fixed Rate*);

Issue Date means 21 July 2010;

Italian Banking Act means Italian Legislative Decree No. 385 of 1 September 1993, as amended from time to time;

Junior Pusher Event has the meaning given in Condition 5.3 (*Interest suspension – Mandatory payment of interest*);

Junior Securities means all share capital of the Issuer, including its preferred shares (*azioni privilegiate*), ordinary shares and savings shares (*azioni di risparmio*), now or hereafter issued, other than any share capital of the Issuer that expressly or effectively rank on a parity with any Parity Security;

Lead Regulator means the Bank of Italy, or any successor entity of the Bank of Italy, or any other competent regulator to which the Issuer becomes subject as its lead regulator;

Less Deeply Subordinated Obligations means any obligation of the Issuer, whether or not having a fixed maturity date, which by its terms is, or is expressed to be, subordinated in the event of liquidation or insolvency of the Issuer to any unsubordinated creditors of the Issuer, but senior to the Notes, including, but not limited to, Upper Tier 2 Liabilities, Lower Tier 2 Liabilities and Tier 3 Liabilities;

Liquidazione Coatta Amministrativa means *Liquidazione Coatta Amministrativa* as described in Articles 80 to 94 of the Italian Banking Act;

London Business Day means a day other than a Saturday or Sunday or a day on which banking institutions in London are authorised or required by law or executive order to remain closed;

Lower Tier 2 Liabilities means *passività subordinate di 2° livello* as defined in Title I, Chapter 2, Section II, paragraph 4.2 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition;

Make Whole Amount in respect of each Note means the principal amount of such Note, assuming such Note to be due on the Interest Reset Date, together with interest from the relevant Make Whole Event Redemption Date to the Interest Reset Date, assuming all such to be due in full, in each case discounted to the relevant Make Whole Event Redemption Date on an annual basis (calculated on the basis of the actual number of days in the relevant calendar year and the actual number of days in such period), such discounting to be at the German Bund Rate plus 1.00 per cent. calculated by the Calculation Agent;

Make Whole Event Redemption Date means the Tax Deductibility Event Redemption Date in respect of a Tax Deductibility Event;

Parity Pusher Event has the meaning given in Condition 5.3 (*Interest suspension – Mandatory payment of interest*);

Pusher Events has the meaning given in Condition 5.3 (*Interest suspension – Mandatory payment of interest*);

Parity Securities means: (1) any preference shares, guarantees or similar instruments issued by the Issuer which rank equally with the Notes (including any similar instrument of preferred securities or preferred or preference shares issued by any Subsidiary); and (2) any preferred securities or preferred or preference shares issued by any Subsidiary with the benefit of a guarantee or similar instrument from the Issuer, which guarantee or similar instrument ranks equally with the Notes (but does not include any such securities or shares issued to the Issuer or any other member of the Group by any such Subsidiary) including the Issuer's guarantees in relation to the €540,000,000 8.048 per cent. Trust Preferred Securities issued by UniCredito Italiano Capital Trust I, the USD450,000,000 9.20 per cent. Trust Preferred Securities issued by UniCredito Italiano Trust II, the €750,000,000 in liquidation preference of Trust Preferred Securities issued by UniCredito Italiano Capital Trust III, the £300,000,000 in liquidation preference of Trust Preferred Securities issued by UniCredito Italiano Capital Trust IV, the £350,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes issued by UniCredit International Bank (Luxembourg) S.A. and the €750,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes issued by UniCredit International Bank (Luxembourg) S.A., except, in each case, to the extent that the Issuer is not, or is no longer, able to treat any such securities as Tier 1 Capital (*patrimonio di base*);

Payment Business Day means:

(a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(b) in the case of payment by transfer to an account, a London Business Day;

Permitted Repurchase has the meaning given in Condition 5.3 (*Interest suspension – Mandatory payment of interest*);

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Rate of Interest means the Fixed Rate of Interest or the Floating Rate of Interest, as the case may be;

Reference German Bund Dealer means any German Bund dealer selected by the Calculation Agent and approved by the Issuer (such approval not to be unreasonably withheld or delayed);

Reference German Bund Quotations means, with respect to each Reference German Bund Dealer and the relevant Make Whole Event Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference German Bund Dealer at 3.30 p.m., Frankfurt time, on the third German Business Day immediately preceding the relevant Make Whole Event Redemption Date;

Regulatory Event means any event (including any amendment to, clarification of, or change in laws or regulations applicable to the Issuer, or a change in the official interpretation thereof or policies with respect thereto, or any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, including any pronouncement or publication from the European Commission or other relevant authority), occurring or becoming effective after the date of issue of the Notes, which has, or will have, the effect that the Issuer is no longer, or will no longer be, capable of including the Notes in its Tier 1 Capital, except where such non-qualification is due to limits in the Issuer's capacity for innovative Tier 1 Capital (other than changes, including changes to the grandfathering limits, made by the Lead Regulator to prescribed limits for different forms of Tier 1 Capital);

Regulatory Event Redemption Date means the date fixed for redemption of the Notes in a notice delivered by the Issuer pursuant to Condition 7(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*) following a Regulatory Event;

Relevant Date means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

Reserved Matter means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes, to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution or to change the provisions contained in Condition 3 (*Status and Subordination of the Notes*);

Step-Up Interest Period means each period beginning on (and including) the Interest Reset Date or any Step-Up Period Interest Payment Date thereafter and ending on (but excluding) the next Interest Payment Date or date of redemption, as the case may be;

Step-Up Period Interest Payment Date means 21 July, 21 October, 21 January and 21 April of each year beginning on 21 October 2020 up to and including the date of redemption of the Notes;

Subsidiary means any person or entity which is required to be consolidated with the Issuer for financial reporting purposes under applicable Italian banking laws and regulations;

Substituted Debtor has the meaning given in Condition 14 (*Substitution*);

Substitution Guarantee has the meaning given in Condition 14 (*Substitution*);

Supervisory Guidelines of the Bank of Italy means the Supervisory Guidelines of the Bank of Italy (*Istruzioni di Vigilanza della Banca d'Italia*);

TARGET2 means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System;

TARGET Settlement Day means any day on which TARGET2 is open for the settlement of payments in euro;

Tax Deductibility Event means:

(a) interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, deductible by the Issuer, for Italian corporate income tax purposes, or such deductibility is materially reduced, as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Republic of Italy, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date (save where any non-deductibility of interest payable by the Issuer in respect of the Notes is solely as a result of the Issuer exceeding any applicable general threshold of aggregate interest expenses that may be deducted by the Issuer in any financial year for Italian corporate income tax purposes); and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

Tax Event means either a Tax Deductibility Event or an Additional Amount Event;

Tax Event Redemption Date means, as appropriate, the date fixed for redemption of the Notes in a notice delivered by the Issuer pursuant to Condition 7(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) or 7(e) (*Redemption and Purchase – Redemption due to an Additional Amount Event*) following, respectively, a Tax Deductibility Event or an Additional Amount Event;

Tier 1 Capital means *patrimonio di base* as defined in Title I, Chapter 2, Section II, paragraph 1.1 and Section III, paragraph 1.1 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition;

Tier 3 Liabilities means *passività subordinate di 3º livello* as defined in Title I, Chapter 2, Section II, paragraph 1.5 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition;

Total Risk-based Capital Ratio means the total risk-based capital ratio (c*oefficiente patrimoniale complessivo*) of the Issuer on a consolidated or non-consolidated basis;

Treaty means the Treaty on the functioning of the European Union, as amended;

Upper Tier 2 Liabilities means *strumenti ibridi di patrimonializzazione* as defined in Title I, Chapter 2, Section II, paragraph 4.1 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition; and

Write Down Event has the meaning given in Condition 6 (*Loss absorption*).

1.2 Interpretation

In these Conditions:

(a) any reference to principal shall be deemed to include the principal amount of the Notes, any additional amounts which may be payable with respect to principal under Condition 9 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(b) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions; and

(c) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Notes are in bearer form in denominations of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000, with Coupons and Talons attached at the time of issue. No Notes in definitive form will be issued with a denomination above €99,000.

2.2 Title

Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law or as otherwise ordered by a court of a competent jurisdiction or public authority) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. STATUS AND SUBORDINATION OF THE NOTES

3.1 Status of the Notes

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank subordinate and junior to all indebtedness of the Issuer (other than any instrument or contractual right expressed to rank *pari passu* with the Notes), *pari passu* with the most senior non-cumulative preference shares of the Issuer, if any, and senior to the other share capital of the Issuer, including its *azioni privilegiate*, ordinary shares and *azioni di risparmio*.

3.2 Subordination

By virtue of such subordination, payments to Noteholders will, in the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer only be made after, and any set-off by any Noteholders shall be excluded until, the payment of any present or future claims of all unsubordinated creditors of the Issuer and of all Less Deeply Subordinated Obligations of the Issuer in any such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer have been satisfied in full or after an arrangement or composition has been agreed between them pursuant to which they have given full discharge against receipt of part of their claim.

4. INTEREST

4.1 Fixed Rate

The Notes will bear interest on a non-cumulative basis for each Initial Interest Period from and including the Issue Date to but excluding the Interest Payment Date falling on 21 July 2020 (the **Interest Reset Date**) at a fixed rate of 9.375 per cent. per annum (the **Fixed Rate of Interest**), payable, subject as provided in these Conditions, annually in arrear on each Initial Period Interest Payment Date. The interest payment made on each Initial Period Interest Payment Date shall be in the amount of €93.75 for each €1,000 (the **Calculation Amount**). Except as set out above, the amount of interest payable in respect of each Note for any period which is not equal to an Initial Interest Period shall be calculated by applying the Fixed Rate of Interest to the principal amount of such Note, multiplying the product by the Fixed Rate Day Count Fraction and rounding the resulting figure to the nearest euro cent (half a euro cent being rounded upwards). The amount of interest payable in respect of each Note shall be the aggregate of the amounts (determined in the manner provided above) for

each Calculation Amount comprising the relevant denomination of such Note, without any further rounding.

4.2 Floating Rate

(a) If the Issuer has not redeemed the Notes in accordance with Condition 7(b) (*Redemption and Purchase – Redemption at the option of the Issuer*) on the Interest Reset Date, the Notes will bear interest on a non-cumulative basis for each Step-Up Interest Period from and including the Interest Reset Date to but excluding the date of redemption of the Notes, at the Floating Rate of Interest (as defined below) payable, subject as provided in these Conditions, quarterly in arrear on each Step-Up Period Interest Payment Date.

(b) The rate of interest applicable to the Notes under clause 4.2(a) above (the **Floating Rate of Interest**) for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) the Calculation Agent will determine the rate for deposits in euro for a period equal to the relevant Interest Period which appears on EURIBOR1 as of 11.00 a.m. (Brussels time) on the second Target Settlement Day before the first day of the relevant Interest Period (the **Floating Rate Interest Determination Date**);

(ii) if such rate does not appear on that page, the Calculation Agent will:

(A) request the Euro-zone office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Brussels time) on the Floating Rate Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and

(iii) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone market, selected by the Calculation Agent, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading Euro-zone banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Floating Rate of Interest for such Interest Period shall be the sum of the rate or (as the case may be) the arithmetic mean so determined and the Margin (as defined below); *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Floating Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period, or, where there has been no such previous determination, the Floating Rate of Interest shall be equal to the Fixed Rate of Interest.

For the purposes of this Condition, **Margin** means 7.49 per cent. per annum.

(c) **Calculation of Interest Amount**

The Calculation Agent will, as soon as practicable after the time at which the Floating Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Floating Rate of Interest for such Interest Period to the Calculation Amount during such Interest Period and multiplying the product by the relevant Floating Rate Day Count Fraction and rounding the resulting figure to the nearest euro cent. (half a euro cent. being rounded upwards). The amount of interest payable in respect of each Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the relevant denomination of such Note, without any further rounding.

(d) **Publication**

The Calculation Agent will cause each Floating Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Floating Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(e) **Notifications etc**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

4.3 Interest accrual

Each Note will cease to bear interest from (but excluding) maturity or the due date for redemption pursuant to Conditions 7(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), 7(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 7(d) (*Redemption due to a Tax Deductibility Event*) and 7(e) (*Redemption due to an Additional Amount Event*) unless, upon due presentation, payment of principal in respect of the Notes is improperly withheld or refused, in which case any such amounts of principal improperly withheld or refused will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5. INTEREST SUSPENSION

5.1 Optional suspension of interest

The Issuer may elect, by giving notice to the Noteholders pursuant to Condition 16 (*Notices*) below, not to pay all (or part only) of the interest accrued to an Interest Payment Date if:

(a) the Issuer does not have Distributable Profits;

(b) since the Issuer's annual shareholders' meeting in respect of the financial statements for the financial year immediately preceding the year in which such Interest Payment Date falls, no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Securities; or

(c) based on the assessment of the financial and solvency situation of the Issuer, the Issuer determines, in its sole discretion, that such payment must not be made,

subject, in each case, to Condition 5.3 (*Interest suspension – Mandatory payment of interest*).

The Issuer shall use its best endeavours to give not more than 25 but not less than 12 days prior notice to the Paying Agents and to the Noteholders in accordance with Condition 16 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of this Condition 5.1, it elects not to pay interest and such notice shall include a confirmation of the Issuer's entitlement not to pay interest, together with details of the amount of interest (if any) to be paid on such Interest Payment Date.

Where the Issuer elects not to pay interest pursuant to this Condition 5.1 it shall not have any obligation to make such interest payment on the relevant Interest Payment Date, and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under these Conditions or for any purpose.

Interest on the Notes will not be cumulative and interest that the Issuer elects not to pay pursuant to this Condition 5.1 will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited.

5.2 Mandatory suspension of interest

The Issuer will be prohibited from:

(A) paying all (or part only) of the interest accrued to an Interest Payment Date if and to the extent that a Capital Deficiency Event would occur if the Issuer made the payment of interest on such Interest Payment Date; or

(B) paying the interest accrued to an Interest Payment Date if:

(a) a Capital Deficiency Event has occurred and is continuing on such Interest Payment Date;

(b) the Issuer is prohibited under applicable Italian legislation or regulation from declaring a dividend or making a distribution on all classes of its share capital, other than in the case of a Capital Deficiency Event; or

(c) the Lead Regulator, in its sole discretion, based on its assessment of the financial and solvency situation of the Issuer, requires the Issuer to cancel the payment,

subject, in relation to (a) or (b) above, to Condition 5.3 (*Interest suspension – Mandatory payment of interest*),

provided, in each case, that if a Regulatory Event has occurred and is continuing on an Interest Payment Date, the Issuer shall be required to pay interest on such Interest Payment Date pursuant to Condition 5.3 (*Interest suspension – Mandatory payment of interest*), notwithstanding this Condition 5.2.

In addition, the Issuer will be prohibited from paying interest on an Interest Payment Date in the event that the principal amount of the Notes has been written down and has not, as at such date, been written up in whole pursuant to Condition 6 (*Loss absorption*) provided that if a Regulatory Event has occurred and is continuing on an Interest Payment Date, the Issuer shall be required to pay interest on such Interest Payment Date pursuant to Condition 5.3 (*Interest suspension – Mandatory payment*

of interest), notwithstanding this Condition 5.2 and interest shall accrue on the initial nominal amount of the Notes.

The Issuer shall use its best endeavours to give not more than 25 but not less than 2 days prior notice to the Paying Agents and to the Noteholders in accordance with Condition 16 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of this Condition 5.2, it is prohibited from paying interest and such notice shall include a confirmation of the Issuer's prohibition from paying interest, together with details of the amount of interest (if any) to be paid on such Interest Payment Date.

Where the Issuer is prohibited from paying interest pursuant to this Condition 5.2 it shall not have any obligation to make such interest payment on the relevant Interest Payment Date, and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under these Conditions or for any purpose.

Interest on the Notes will not be cumulative and interest that the Issuer is prohibited from paying pursuant to this Condition 5.2 will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited.

5.3 Mandatory payment of interest

The Issuer is required to pay interest on any Interest Payment Date:

(A) in full or in part, *pari passu* and *pro rata*, if and to the extent that during the three-month period prior to such Interest Payment Date the Issuer or any Subsidiary has declared, made, approved or set aside for a dividend or distribution in respect of any Parity Securities (each a **Parity Pusher Event**); or

(B) in full if and to the extent that during the three-month period prior to such Interest Payment Date:

(i) the Issuer has declared or paid dividends or other distributions on any Junior Securities (other than in the form of further or other Junior Securities); or

(ii) the Issuer has redeemed, repurchased or acquired any Junior Securities (other than a Permitted Repurchase) or the Issuer or any Subsidiary has redeemed, repurchased or acquired any Parity Securities

(each a **Junior Pusher Event**, and together with the Parity Pusher Events, **Pusher Events**),

in each case except to the extent that a Capital Deficiency Event has occurred during the period commencing immediately following the relevant Pusher Event and ending on the relevant Interest Payment Date, or to the extent that a Capital Deficiency Event would occur if the Issuer made the payment of interest on the relevant Interest Payment Date, and *provided that* (i) in the event the principal amount of the Notes, as at such Interest Payment Date, has been written down and not yet written up in whole pursuant to Condition 6 (*Loss absorption*), the Issuer will be prohibited from paying interest on such Interest Payment Date; and (ii) the Issuer shall not be required to make any payment of interest on the Notes (a) if the Lead Regulator, in its sole discretion, based on its assessment of the financial and solvency situation of the Issuer, requires the Issuer to cancel the payment, or (b) with reference to any declaration, payment or distribution on, or redemption, repurchase or acquisition of, any other security which is itself mandatory in accordance with the terms and conditions of such security.

Permitted Repurchase means (a) any redemption, repurchase or other acquisition of such Junior Securities held by any member of the Group, (b) a reclassification of the equity share capital of the Issuer or any of its Subsidiaries or the exchange or conversion of one class or series of equity share capital for another class or series of equity share capital, (c) the purchase of fractional interests in the share capital of the Issuer or any of its Subsidiaries pursuant to the conversion or exchange provisions of such security being converted or exchanged, (d) any redemption or other acquisition of Junior

Securities in connection with a levy of execution for the satisfaction of a claim by the Issuer or any of its Subsidiaries, (e) any redemption or other acquisition of Junior Securities in connection with the satisfaction by the Issuer or any of its Subsidiaries of its obligations under any employee benefit plan or similar arrangement, or (f) any redemption or other acquisition of Junior Securities in connection with transactions effected by or for the account of customers of the Issuer or any Subsidiary or in connection with the distribution, trading or market-making in respect of such securities.

In addition, notwithstanding the provisions of Condition 5.1 (*Interest suspension – Optional suspension of interest*) and 5.2 (*Interest suspension – Mandatory suspension of interest*), the Issuer is required to pay interest on an Interest Payment Date if a Regulatory Event has occurred and is continuing, and interest shall accrue on the initial nominal amount of the Notes.

6. LOSS ABSORPTION

Based on the assessment of the financial and solvency situation of the Issuer, the Issuer may determine or the Lead Regulator may require, in each case in its sole discretion, that the principal amount of the Notes needs to be written down. If, as a result of losses incurred by the Issuer on a consolidated or non-consolidated basis, the total Risk-based Capital Ratio of the Issuer, on a consolidated or non-consolidated basis falls below the higher of 6 per cent. or the then minimum requirements of the Lead Regulator specified in Bank of Italy Regulations and the Supervisory Guidelines of the Bank of Italy, the principal amount of the Notes will be written down (each such event, a **Write Down Event**).

Any write-down of the principal amount of the Notes shall be made, *pari passu* and *pro rata* with the Issuer's non-consolidated Tier 1 Capital (*patrimonio di base*) (as determined in accordance with the Bank of Italy Regulations and the Supervisory Guidelines of the Bank of Italy) but excluding any innovative or non-innovative capital instruments treated as own funds (**Core Tier 1 Capital**).

Any write-down of the principal amount of the Notes will only be made to the extent necessary to enable the Issuer to continue to carry on its activities in accordance with applicable regulatory requirements.

In the event that other securities which would be subject to such write-down are outstanding, such write-downs will be applied on a *pro rata* basis among the Notes and such other securities.

From the date of any Write Down Event, and as long as a Write Down Event is continuing, the Issuer will be prohibited from paying interest on any Interest Payment Date in the event that on such Interest Payment Date the principal amount of the Notes has not been written up in whole pursuant to this Condition 6 (*Loss absorption*) *provided that*, if a Regulatory Event has occurred and is continuing on an Interest Payment Date, the Issuer will be required to pay interest on such date and interest shall accrue on the initial nominal amount of the Notes.

The principal of the Notes will be written up:

(a) to the original principal amount, in the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia, Liquidazione Coatta Amministrativa*); and

(b) to the maximum extent permitted (up to the original principal amount), from time to time, *pari passu* and *pro rata* with the Issuer's Core Tier 1 Capital within the limits of Available Distributable Profits, *provided that* the Write Down Event has ceased and is no longer continuing.

Available Distributable Profits means net profits of the Issuer (generated, for the avoidance of doubt, following the occurrence of the relevant Write Down Event) that are stated as being available for the payment of a dividend or the making of a distribution on any share capital of the Issuer, according to the most recent non-consolidated audited annual accounts of the Issuer.

In the event that other securities which would be subject to such write-up (howsoever described in the terms of the relevant securities) are outstanding, such write-ups will be applied on a *pro rata* basis among the Notes and such other securities.

For the avoidance of doubt, write-down and write-up of the principal amount of the Notes may occur on one or more occasions.

The Issuer shall give notice to the Noteholders in accordance with Condition 16 (*Notices*) below as soon as possible in relation to any write-down and/or write-up of the principal amount of the Notes pursuant to Condition 6 (*Loss absorption*), and in any event within five business days following a write-down or write-up, and such notice shall include a confirmation of the Issuer's entitlement to write down and/or write up the principal amount of the Notes, together with details of the amounts to be, or having been, as the case may be, so written down and/or written up.

7. REDEMPTION AND PURCHASE

(a) Redemption at maturity

The Notes will mature and be redeemed by the Issuer at their principal amount together with interest accrued (if any) up to, but excluding, the date fixed for redemption and any additional amounts due pursuant to Condition 9 (*Taxation*), on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer, (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set in its by-laws at 31 December 2050), or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority.

(b) Redemption at the option of the Issuer

Subject to the applicable requirements set out in Condition 7(e) (*Redemption due to an Additional Amount Event*), below, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on the Interest Reset Date and on any Interest Payment Date thereafter at a redemption price equal to their principal amount together with interest accrued (if any) up to, but excluding, the date fixed for redemption and any additional amounts due pursuant to Condition 9 (*Taxation*) on the Issuer's giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the date specified therein).

(c) Redemption due to a Regulatory Event

Subject to the applicable requirements set out in Condition 7(e) (*Redemption due to an Additional Amount Event*), below, the Notes may be redeemed at the option of the Issuer on giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes in the amount and on the date specified therein) in whole, but not in part, following the occurrence of a Regulatory Event, at a redemption price equal to the principal amount of the Notes together with interest accrued (if any) up to, but excluding, the relevant Regulatory Event Redemption Date and any additional amounts due pursuant to Condition 9 (*Taxation*).

(d) Redemption due to a Tax Deductibility Event

Subject to the applicable requirements set out in Condition 7(e) (*Redemption due to an Additional Amount Event*), below, the Notes may be redeemed at the option of the Issuer on giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes in the amount and on the date specified therein) in whole, but not in part, following the occurrence of a Tax Deductibility Event:

(i) at any time before the Interest Reset Date, at a redemption price equal to the greater of their principal amount and the Make-Whole Amount together with interest accrued

(if any) up to, but excluding, the relevant Tax Event Redemption Date and any additional amounts due pursuant to Condition 9 (*Taxation*), and

(ii) on or after the Interest Reset Date, at a redemption price equal to the principal amount of the Notes together with interest accrued (if any) up to, but excluding, the relevant Tax Event Redemption Date and any additional amounts due pursuant to Condition 9 (*Taxation*);

(e) Redemption due to an Additional Amount Event

The Notes may be redeemed at the option of the Issuer on giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes in the amount and on the date specified therein) in whole, but not in part, following the occurrence of an Additional Amount Event, at a redemption price equal to the principal amount of the Notes together with interest accrued (if any) up to, but excluding, the relevant Tax Event Redemption Date and any additional amounts due pursuant to Condition 9 (*Taxation*); *provided*, however, that no such notice of redemption pursuant to Condition 7(d) or 7(e) shall be given earlier than 90 days prior to the earliest date on which interest starts accruing in respect of which the Issuer would be unable to deduct such amounts for Italian income tax purposes in the case of Condition 7(d) (*Redemption due to a Tax Deductibility Event*) or obliged to pay such additional amounts if a payment in respect of the Notes were then due, in the case of Condition 7(e) (*Redemption due to an Additional Amount Event*).

The Notes may not be redeemed pursuant to Conditions 7(b) (*Redemption at the option of the Issuer*), 7(c) (*Redemption due to a Regulatory Event*), 7(d) (*Redemption due to a Tax Deductibility Event*), or 7(e) (*Redemption due to an Additional Amount Event*) in the event that the principal amount of the Notes has been written down and has not yet, at the relevant time, been written up in whole pursuant to Condition 6 (*Loss Absorption*).

Prior to the publication of any notice of redemption pursuant to Conditions 7(c) (*Redemption due to a Regulatory Event*), 7(d) (*Redemption due to a Tax Deductibility Event*) and 7(e) (*Redemption due to an Additional Amount Event*), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (a) a certificate signed by a legal representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, (b) in the case of a Tax Deductibility Event or an Additional Amount Event, an opinion of independent legal advisers of recognised standing to the effect that the Issuer is unable to deduct such amounts for Italian corporate income tax purposes as a result of such change or amendment or as appropriate that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment, as the case may be.

Upon the expiry of any such notice as is referred to in this Condition 7, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.

(f) Approval of Lead Regulator

Any redemption in accordance with this Condition 7, save in accordance with Condition 7(a), is subject to the prior approval of the Lead Regulator (if required by applicable legislation).

(g) No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7(a), 7(b), 7(c), 7(d) or 7(e). The Notes may not be redeemed at the option of the Noteholders.

(h) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith, subject to the prior approval of the Lead Regulator (if required by applicable legislation).

(i) Cancellation

All Notes so redeemed or purchased and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

8. PAYMENTS AND EXCHANGES OF TALONS

8.1 Principal

Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the specified office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a London bank.

8.2 Interest

Payments of interest shall, subject to Condition 8.6 (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in Condition 8.1 (*Principal*) above.

8.3 Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

8.4 Unmatured Coupons void

On the due date for redemption of any Note upon maturity or pursuant to Conditions 7(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), 7(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 7(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) or 7(e) (*Redemption and Purchase – Redemption due to an Additional Amount Event*), all unmatured Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof. If the date on which the Notes become due is not an Interest Payment Date, the interest accrued (if any) from the preceding Interest Payment Date (or the Issue Date, as the case may be) on any Note shall be payable only against surrender or endorsement of the relevant Coupon, subject to the provisions of Conditions 4 (*Interest*) and 5 (*Interest suspension*) regarding the payment of interest.

8.5 Payments on business days

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

8.6 Payments other than in respect of matured Coupons

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the specified office of any Paying Agent outside the United States.

8.7 Partial payments

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

8.8 Exchange of Talons

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the specified office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 10 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

9. TAXATION

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) in the Republic of Italy; or

(b) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making, or procuring, a declaration of non-residence or other similar claim for exemption but has failed to do so; or

(c) to the extent that interest or any other amount payable is paid to a non-Italian resident where such withholding or deduction is required by Legislative Decree No. 239 of 1 April 1996, as subsequently amended, supplemented or replaced (**Decree No. 239**), unless such withholding or deduction is due to the requirements or procedures set forth therein not being met or complied with as a result of the actions or omissions of the Issuer or its agents; or

(d) by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying out commercial activities (in particular (i) partnerships, *de facto* partnerships not carrying out commercial activities and professional associations, (ii) public and private resident entities, other than companies, not carrying out commercial activities, and (iii) certain other Persons exempt from corporate income tax) or to such other Italian resident entities which have been or may be identified by Decree No. 239; or

(e) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(f) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings, as amended and integrated from time to time, or any other law implementing or complying with, or introduced in order to conform to, such Directive; or

(g) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or

(h) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days.

As used herein, **Tax Jurisdiction** means (i) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax and (ii) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it in respect of principal and interest on the Notes and Coupons.

10. PRESCRIPTION

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons (which for this purpose shall not include Talons) are presented for payment within five years of the appropriate Relevant Date. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 8 (*Payments and Exchanges of Talons*).

11. REPLACEMENT OF NOTES AND COUPONS

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its specified office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. PAYING AGENTS

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or calculation agent and additional or successor paying agents; *provided, however, that*:

(a) the Issuer shall at all times maintain a fiscal agent; and

(b) the Issuer undertakes that it will ensure that it maintains a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

(c) the Issuer shall at all times maintain a calculation agent; and

(d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of which require the appointment of a paying agent in any particular place, the Issuer shall maintain a paying agent having its specified office in the place required by the rules of such listing authority, stock exchange and/or quotation system; and

(e) there will at all times be a paying agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any change in any of the Paying Agents or in their specified offices shall promptly be given to the Noteholders.

13. MEETINGS OF NOTEHOLDERS; MODIFICATION AND WAIVER

13.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

A meeting may be convened by the Issuer or Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* a Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one-third of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders**,** whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Agency Agreement will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

13.2 Modification and Waiver

The Conditions may not be amended without the prior approval of the Lead Regulator (if required by applicable legislation). The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13.3 Modification following a Regulatory Event or a Tax Event

In addition, where a Regulatory Event or a Tax Event occurs and is continuing, the Issuer may, without the consent of the Noteholders and without prejudice to its option to redeem under Condition 7(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 7(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) and 7(e) (*Redemption and Purchase – Redemption due to an Additional Amount Event*), modify the terms of the Notes by giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*), to the extent that such modification is reasonably necessary to ensure that no Regulatory

Event or Tax Event (as the case may be) would exist after such modification, provided that following such modification:

(i) the Notes, as so modified (the **modified Notes**), are held on terms and conditions which are no more prejudicial to Noteholders than the terms and conditions applicable to the Notes prior to such modification (the **existing Notes**), *provided that* any modification may be made in accordance with paragraphs (ii) to (iv) below and any such modification shall not constitute a breach of this paragraph (i);

(ii) the person having the obligation of the Issuer under the Notes is either (a) UniCredit S.p.A. or, (b) is substituted in accordance with Condition 14;

(iii) the modified Notes rank at least equal to the existing Notes and feature the same tenor, the same principal amount, at least the same interest rate (including applicable margins and step-up) and the same interest payment dates and first call date as the existing Notes; and

(iv) the modified Notes continue to be listed on a regulated market of an internationally recognised stock exchange as selected by the Issuer (provided that the existing Notes were so listed prior to the occurrence of the Regulatory Event or Tax Event, as the case may be),

and provided further that:

(1) the Issuer obtains approval of the proposed modification from the Lead Regulator (if such approval is required) or gives prior written notice (if such notice is required to be given) to the Lead Regulator and, following the expiry of all relevant statutory time limits, the Lead Regulator is no longer entitled to object or impose changes to the proposed modification;

(2) the modification does not give rise to a change in any published credit rating of the existing Notes in effect at such time;

(3) the modification does not give rise to any right on the part of the Issuer to exercise any option to redeem the Notes prior to their stated maturity, without prejudice to the provisions under Condition 7(b) (*Redemption and Purchase – Redemption at the option of the Issuer*); and

(4) the Issuer has delivered to the Fiscal Agent a certificate, substantially in the form shown in the Agency Agreement, signed by two of the Issuer's executive officers stating that conditions (i) to (iv) and (1) to (3) above have been complied with, such certificate to be made available for inspection by Noteholders.

In connection with any modification as indicated in this Condition 13.3, the Issuer shall comply with the rules of any competent authority, stock exchange and/or quotation system by which the Notes are then admitted to listing trading and/or quotation.

14. SUBSTITUTION

14.1 Conditions Precedent to Substitution

The Issuer may, without the consent of the Noteholders, be replaced and substituted by any other duly incorporated Subsidiary in good standing under the laws of its jurisdiction as principal debtor (the **Substituted Debtor**) in respect of the Notes provided that:

(a) a deed poll and such other documents (if any) shall be executed by the Substituted Debtor as may be necessary to give full effect to the substitution (together the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by the Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute);

(b) without prejudice to the generality of Condition 14.1(a) above, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Republic of Italy, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 9 (*Taxation*) with the substitution for the references to the Republic of Italy of references to the territory or territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;

(c) an unconditional and irrevocable deed of guarantee, substantially in the form annexed as Schedule 3 to the Agency Agreement, shall be executed by UniCredit S.p.A., whereby UniCredit S.p.A. shall guarantee in favour of each Noteholder and each Accountholder the payment of all sums payable by the Substituted Debtor as such principal debtor, to the extent of, and in the terms specified in, the form of guarantee annexed as Schedule 3 to the Agency Agreement (such guarantee being herein referred to as the **Substitution Guarantee** and UniCredit S.p.A. as the **Guarantor**);

(d) the Documents and the Substitution Guarantee shall contain a warranty and representation by the Substituted Debtor and the Guarantor (i) that the Substituted Debtor and the Guarantor have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Guarantor of a guarantee in respect of the obligations of the Substituted Debtor and for the performance by each of the Substituted Debtor and the Guarantor of their respective obligations under the Documents and the Substitution Guarantee and that all such approvals and consents are in full force and effect and (ii) that the obligations assumed by each of the Substituted Debtor and the Guarantor under the Documents and the Substitution Guarantee are all legal, valid and binding in accordance with their respective terms;

(e) each stock exchange on which the Notes are listed shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes will continue to be listed on such stock exchange;

(f) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of lawyers in the jurisdiction of incorporation of the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than seven days prior to the date of the substitution of the Substituted Debtor for the Issuer and to be available for inspection by the Noteholders at the specified office of the Fiscal Agent;

(g) the Guarantor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Italian lawyers to the effect that the Documents to which the Guarantor is a party and the Substitution Guarantee constitute legal, valid and binding obligations of the Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by the Noteholders at the specified office of the Fiscal Agent;

(h) the Guarantor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of English lawyers to the effect that the Documents constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Fiscal Agent;

(i) the relevant credit rating agencies shall have confirmed that the substitution does not give rise to a change in the published credit rating of the Notes in effect at such time; and

(j) the Substituted Debtor and the Guarantor shall have appointed the process agent appointed by the Issuer in Condition 19 (*Governing Law and Jurisdiction*) or another person with an office in England as its agent in England to receive service of process on its behalf in relation to any

legal action or proceedings arising out of or in connection with the Notes and (in the case of the Guarantor) the Substitution Guarantee.

By subscribing to, or otherwise acquiring, the Notes, the Noteholders expressly consent to the substitution of the Issuer as principal debtor in respect of any and all obligations in respect of the Notes and any relevant agreement and are expressly deemed to have accepted such substitution and the consequences thereof.

14.2 Assumption by Substituted Debtor

Upon execution of the Documents as referred to in Condition 14.1 above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes.

14.3 Deposit of Documents

The Documents shall be deposited with and held by the Fiscal Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or the Guarantor by any Noteholder in relation to the Notes, the Documents or the Substitution Guarantee shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Guarantor shall acknowledge in the Documents and the Substitution Guarantee the right of every Noteholder to production of the Documents for the enforcement of any of the Notes, the Documents or the Substitution Guarantee.

14.4 Notice of Substitution

Not less than 15 days after execution of the Documents, the Substituted Debtor together with the Guarantor shall give notice thereof to the Noteholders in accordance with Condition 16 (*Notices*).

15. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

16. NOTICES

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes which are listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under these Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal

Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. ROUNDING

For the purposes of any calculations referred to in these Conditions, all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.).

19. GOVERNING LAW AND JURISDICTION

19.1 Governing law

The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the subordination provisions thereof and any non-contractual obligation arising out of or in connection with them will be governed by and construed in accordance with the laws of the Republic of Italy.

19.2 Jurisdiction

The Issuer agrees for the benefit of the Noteholders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (including any proceedings or disputes relating to any non-contractual obligations arising out of or in connection with them) (respectively, **Proceedings** and **Disputes**) and, for such purposes, irrevocably submits to the jurisdiction of such courts.

19.3 Appropriate forum

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

19.4 Service of Process

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to UniCredit S.p.A., London Branch at its registered office at Moor House, 120 London Wall, London EC2Y 5ET or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

19.5 Non-exclusivity

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the **Global Notes**) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes (**Definitive Notes**),

(a) at the request of the bearer of a Permanent Global Note against presentation and surrender of such Permanent Global Note to the Fiscal Agent if Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or

(b) at the option of the Issuer if, by reason of any change in the laws of the Issuer's taxing jurisdiction, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Thereupon, the Issuer will promptly give notice to Noteholders of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (b) above, shall surrender the Permanent Global Note to or to the order of the Fiscal Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 30 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (a) above, in the place in which the relevant clearing system is located.

2. Payments

On and after the date of exchange of the Temporary Global Notes for Permanent Global Notes, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 16 (*Notices*), provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication in a daily newspaper published in Luxembourg if and to the extent that the rules of the Luxembourg Stock Exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Fiscal Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the) other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Notes are held.

USE OF PROCEEDS

The gross proceeds from the issue of the Notes are equal to €500,000,000. The proceeds of the Notes will be used by the Issuer for its general funding purposes and to improve the regulatory capital structure of the Group.

DESCRIPTION OF THE ISSUER

Description of UniCredit and the UniCredit Group

UniCredit S.p.A. (**UniCredit**), established in Genoa by way of a private deed dated 28 April 1870 with an expiry date of 31 December 2050, is incorporated as a company limited by shares under Italian law and registered in the Rome Trade and Companies Register, having its registered office at Via A. Specchi, 16, 00186, Rome, Italy and having registration number, fiscal code and VAT number 00348170101. UniCredit's head office and principal centre of business is at Piazza Cordusio 2, 20123, Milan, Italy, telephone number +39 028862 8715 (Investor Relations). The fully issued and paid-up capital of UniCredit as at 6 July 2010, as shown in the UniCredit shareholder register, amounted to €9,648,790,961.50.

The UniCredit Banking Group (the **Group** or the **UniCredit Group**) is a global financial institution, with an established presence in 22 countries and offices in a further 27 international markets. In particular, the Group is strategically positioned in its primary markets where it has become a market leader in several geographic areas such as Italy, southern Germany, Austria, Poland and central-eastern Europe, where the Group is a market leader (*Source*: UniCredit Research).

The Group focuses on full-service financial services and is engaged in a wide range of banking, financial and related activities (including 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) throughout Italy, Germany, Austria, Poland and other Eastern and Central European countries.

The Group serves its customers through its multi-channel distribution network comprising, at 31 December 2009, 9,799 branches throughout 22 countries and a network of licensed financial consultants (*promotori finanziari*) operating in Italy, as well as internet and telephone banking capabilities.

At 31 December 2009, the Group had 165,061 (full-time equivalent) employees.

HISTORY AND DEVELOPMENT

Formation of the UniCredit Group

The Group was formed as a result of the October 1998 merger between the Credito Italiano national banking group and the UniCredit regional banking group, formed one year before by a three-way merger in 1997 among Banca Cassa di Risparmio di Torino S.p.A, Cassa di Risparmio di Verona, Vicenza, Belluno e Ancona Banca S.p.A. and Cassamarca-Cassa di Risparmio della Marca Trevigiana S.p.A.

Since its formation, the Group has continued to expand in Italy and launched its operations in Eastern Europe through both acquisitions (Bank Pekao in 1999, UniBanka and Bulbank in 2000, Zagrebacka and Demirbank Romania in 2002, Zivnostenska Banka in 2003, KFS in 2002 and Yapi Kredi in 2005) and organic growth.

In October 2000, UniCredit acquired the Global Investment Management division of the U.S.-based Pioneer Group (**Pioneer**). Following this acquisition, the Group consolidated its asset management businesses under a newly formed holding company named Pioneer Global Asset Management S.p.A. (**PGAM**).

From 2005, the Group substantially expanded its international operations, chiefly in Germany, Austria and Central and Eastern Europe, through the business combination with Bayerische Hypo- und Vereinsbank Aktiengesellschaft (**HVB**). See "*The Business Combination with the HVB Group*", below.

In December 2006, Bank Austria Creditanstalt AG (which was subsequently renamed UniCredit Bank Austria AG, **Bank Austria**) acquired the entire institutional business of the Russian broker Aton Capital, which was one of the top five investment banks in Russia at the time.

In January 2007, HVB transferred a 70.26 per cent. stake in International Bank Moscow (IMB, subsequently renamed **Zao UniCredit Bank**), to Bank Austria. Furthermore, between the end of December 2006 and the beginning of January 2007, Bank Austria acquired the stakes of minority shareholders, thereby becoming the sole shareholder of Zao UniCredit Bank, which is one of the top ten Russian banks by total assets.

In May 2007, UniCredit's Board of Directors approved the merger of Capitalia S.p.A. into UniCredit, which became effective as of 1 October 2007. See "*The Business Combination with the Capitalia Group*", below.

In October 2007, PGAM signed a joint venture agreement with Bank of Baroda in India in a major strategic move to extend its presence in one of the world's fastest growing mutual fund markets. In pursuance of this agreement, in 2008 PGAM purchased a 51 per cent. stake in the share capital of BOB Asset Management Company Ltd, which subsequently changed its company name to Baroda Pioneer Asset Management Company Ltd.

In November 2007, Bank Austria acquired a 91.8 per cent. stake (later increased to 99.7 per cent.) in ATF Bank, the third largest bank and largest foreign-owned bank in Kazakhstan, operating through a branch network of 140 branches throughout Kazakhstan, as well as subsidiaries and affiliates in Kazakhstan, Kyrgyzstan, Tajikistan (sold in July 2008) and Russia (Omsk region).

In 2007 and 2008, the Group also reorganised its operations in the Central and Eastern European (**CEE**) countries where, as a result of the HVB business combination, it has more than one bank (Slovakia, Bulgaria, Romania, the Czech Republic and Bosnia).

In January 2008, Bank Austria finalised the acquisition of 94.2 per cent. (later increased to 95.34 per cent.) of the total issued share capital of CJSC Ukrsotsbank (**USB**), the fourth largest bank in the Ukraine in terms of loans to customers and deposits, listed on the Ukrainian Stock Exchange.

In May 2008, the UniCredito Italiano S.p.A. extraordinary shareholders' meeting changed the name of the company to UniCredit S.p.A.

In September 2008, UniCredit signed an agreement with the Polish Ministry of the State Treasury (**MST**) giving the MST a put option and UniCredit a call option with respect to the shares held by the MST in Bank Pekao, which amount to approximately 3.95 per cent. of the share capital of Bank Pekao. The MST could exercise its put option from the date of the agreement to 30 June 2009 while UniCredit had the right to exercise its call option starting on 23 December 2008 until 23 December 2009. In December 2008 the MST and UniCredit signed an amendment to the above mentioned agreement. Pursuant to the amendment, the MST and UniCredit agreed to finally waive their respective put and call options with respect to the 3.95 per cent. shareholding in Bank Pekao held by the MST.

Between the end of 2008 and the first half of 2009, the centralisation project of Italian and foreign ICT and back office businesses has been implemented in order to improve the co-ordination and the efficiency of these business support areas and to achieve further economies of scale and scope through the centralisation of all the ICT and back office activities of HVB and Bank Austria AG into, respectively, a global back office company (UniCredit Business Partner S.c.p.A.) and a global ICT company (UniCredit Global Information Services S.c.p.A.).

In January 2009, mortgages to individuals and consumer credit in Italy were integrated through the incorporation of UniCredit Banca per la Casa S.p.A. into UniCredit Consumer Financing Bank S.p.A. (now UniCredit Family Financing Bank S.p.A.) and a new model for leasing management at the Group level has been realised through the incorporation of UniCredit Global Leasing S.p.A. into Locat S.p.A. (now UniCredit Leasing S.p.A.).

In April 2009, Pioneer Investment Management SGR S.p.A. (**PIM SGR**), a wholly-owned subsidiary of PGAM, acquired an equity interest of 37.5 per cent. in Torre RE SGRpA (a real estate fund management company under the Fortress Investment Group LLC, which in turn is an alternative management company listed on the New York Stock Exchange) as part of a capital increase of the aforesaid company reserved for PIM SGR and subscribed by the latter through the contribution of its real estate funds business unit. The transaction was carried out as part of a project aimed, *inter alia*, at creating a partnership with an international major player in the real estate sector.

The Business Combination with the HVB Group

On 12 June 2005, the Group entered into a business combination agreement with HVB (the **Business Combination Agreement**) relating to the combination of the Group with the HVB Group, the transaction structure and the future organisational and corporate governance structure of the combined group. At the time of the Business Combination Agreement, HVB owned, *inter alia*, a 77.5 per cent. stake in Bank Austria and, indirectly through Bank Austria, a 71.2 per cent. stake in Bank BPH S.A., a Polish listed bank (**BPH**). Therefore, the Business Combination Agreement provided for the terms and conditions of three public exchange offers in Germany, Austria and Poland for all outstanding shares of HVB, Bank Austria and BPH.

HVB

On 26 August 2005, UniCredit published an offer document for the purchase of all of the common shares and for all of the preferred shares of HVB. Upon expiry of all applicable acceptance periods for the offer, UniCredit controlled approximately 93.93 per cent. of the registered share capital and of the voting rights of HVB. UniCredit's ordinary shares were admitted to listing on the Frankfurt Stock Exchange on 21 November 2005 and on the Warsaw Stock Exchange on 20 December 2007.

In January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of HVB. At that time UniCredit held approximately 95.45 per cent. of the share capital of HVB after having acquired an additional 1.23 per cent. on the market. The squeeze-out of HVB's free-float shareholders was resolved upon by the bank's shareholders meeting in June 2007 and was registered in the commercial register at the Register Court of Munich on 15 September 2008. The squeeze-out price was €38.26 per HVB share, for a total consideration of approximately €1,396 million. The HVB shares held by the free-float of approximately 4.55 per cent. of the company's share capital were transferred to UniCredit by act of law, and HVB became a wholly-owned subsidiary of UniCredit.

On 15 December 2009, Bayerische Hypo- und Vereinsbank AG changed its denomination to UniCredit Bank AG.

Bank Austria

On 26 August 2005, UniCredit published an offer document for the purchase of all no-par-value bearer shares and all registered shares of Bank Austria that HVB did not then hold. Upon expiry of all applicable acceptance periods for the offer, the Group reached approximately 94.98 per cent. of the aggregate share capital of Bank Austria.

On 4 August 2006, the Board of Directors of UniCredit and the supervisory board of Bank Austria approved the plan of infra-group transfers of subsidiaries in Central and Eastern Europe, in order to make Bank Austria the sub-holding for Group banking subsidiaries in CEE countries except Poland and Ukraine.

Following completion of the contribution in kind, UniCredit's direct and indirect stake in Bank Austria increased from 94.98 per cent. to 96.35 per cent.

Subsequently, HVB transferred to UniCredit its 77.53 per cent. stake in Bank Austria and its 100 per cent. participation in HVB Ukraine to Bank Pekao.

In January 2007, UniCredit initiated procedures to effect the squeeze-out of minority shareholders of Bank Austria. At that time UniCredit held approximately 96.35 per cent. of the share capital of Bank Austria. The squeeze-out transaction of Bank Austria was approved by its shareholder meeting on 3 May 2007. Subsequently, certain shareholders of Bank Austria challenged this transaction, alleging that the squeeze-out price was not fair and seeking damages. On 21 May 2008, this litigation was settled and the squeeze-out was registered in the Vienna Commercial Register. UniCredit thus paid the minority shareholders a total sum of approximately €1,045 million, including accrued interest, and became the owner of 99.995 per cent. of Bank Austria's share capital

On 27 September 2009, Bank Austria Creditanstalt AG changed its denomination to UniCredit Bank Austria AG.

In March 2010, UniCredit Bank Austria AG completed a €2 billion capital increase in order to meet the expectations of the local regulators and the rating agencies, as well as to remain in line with its main Austrian competitors in terms of capital ratios and be well-positioned to take advantage of future economic growth in Austria and Central Eastern Europe. UniCredit subscribed both the shares to which it had rights and the portion of the capital increase not subscribed by other shareholders, and accordingly its interest in UniCredit Bank Austria AG rose to 99.996 per cent.

BPH

On 20 January 2006, UniCredit communicated to the Polish Securities and Exchange Commission, the Warsaw Stock Exchange and the Polish Press Agency its mandatory public tender offer for the shares (representing 28.97 per cent. of the share capital) of BPH that UniCredit did not already indirectly own. Upon expiry of the acceptance period, no BPH shares had been tendered in the offer.

In November 2006, Bank Austria transferred its 71.03 per cent. stake in BPH to UniCredit, for allocation to the newly constituted Poland's Markets Division. The long-term objective of the Poland's Markets Division is to maximise the creation of value in the Polish market further to the merger between Bank Pekao and a part of BPH. The partial integration of BPH into Bank Pekao was finalised in November 2007.

On 17 June 2008, UniCredit transferred an approximate 66 per cent. shareholding in BPH to GE Money Bank, a Polish Bank belonging to the global consumer lending division of General Electric. Prior to the sale, UniCredit held 71.03 per cent. of the corporate capital of BPH. The transaction also envisaged the sale by CABET Holding, a wholly-owned subsidiary of Bank Austria, of its 49.9 per cent. shareholding in BPH TFI (a wholly-owned subsidiary of BPH operating in the asset management sector) to GE Capital Corporation on 18 June 2008.

The Business Combination with the Capitalia Group

On 20 May 2007, UniCredit's Board of Directors and the Board of Directors of Capitalia S.p.A. (**Capitalia**) approved the merger of Capitalia into UniCredit (the **Merger**), which was subsequently approved by the shareholders' meetings of both UniCredit and Capitalia on 30 July 2007. The Merger was effected by way of incorporation of Capitalia into UniCredit and, as a consequence Capitalia ceased to exist and all of its assets, rights and obligations have been transferred to UniCredit. Following authorisation by the Bank of Italy in June 2007 and by the Italian Competition Authority in September 2007, UniCredit and Capitalia executed the merger deed on 25 September 2007, and the Merger became effective as of 1 October 2007.

In 2008, Capitalia's various businesses were brought into line with the UniCredit Group's model through:

(a) the reorganisation of the Italian Retail Division into three network banks with specific regional competences;

(b) the transfer of Capitalia's corporate and private banking assets to the corresponding Group banks, which are specialised according to customer segments in line with the divisional Group model;

(c) the reorganisation and integration of real estate, IT and back office operations; and

(d) the sale of branches in compliance with the order issued by the Italian Competition Authority upon release of its authorisation of the Merger.

RECENT DEVELOPMENTS

The ONE4C Program

In order to respond to changing customer expectations and demands for a greater local presence which have emerged due to the new international banking environment, in December 2009 the Group undertook an analysis to establish UniCredit's new organisational and business model aimed at addressing these needs, particularly in the Italian, German and Austrian markets (the **One4C Program**).

At an extraordinary meeting held on 13 April 2010, UniCredit's Board of Directors approved the ONE4C ("*Insieme per i Clienti*") project, which had already been viewed favourably by the Permanent Strategic Committee on 16 March 2010.

In particular, the Board approved the merger of UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia, UniCredit Corporate Banking, UniCredit Private Banking, UniCredit Family Financing Bank and UniCredit Bancassurance Management & Administration into UniCredit. These companies are wholly-owned subsidiaries of UniCredit, therefore no capital increase will be necessary in order to carry out the merger.

Following the merger, in addition to carrying out its role as Parent Company, UniCredit will also perform banking and sales activities directly for customers.

The "*Insieme per i Clienti*" project is aimed at further improving customer satisfaction by providing specialised skills and faster response times. All of this will make it possible to simplify the Group's corporate structure, bringing it closer to the areas and communities where it operates, and at the same time, retaining the brands of the main banks (UniCredit Banca, UniCredit Banca di Roma and Banco di Sicilia). Furthermore, this project will result in a more efficient organisation also by granting additional decision-making powers to the network.

Similar to what is already occurring in Austria, Germany and Poland, the Board also approved the introduction of a Country Chairman for Italy. This position will oversee all activities in the domestic market and will play a pivotal role in the development of the Group's regional strategy, sharing responsibility for the country's income statement with local business managers.

Gabriele Piccini (currently Chief Executive of UniCredit Banca and Italy Retail head) has been appointed as Country Chairman for Italy, a position he will assume on 1 November 2010, the launch date of the new organisation. He will report directly to the Deputy CEO for Italy.

The "*Insieme per i Clienti*" project enhances the Group's current divisional model and will involve the establishment of the following four specialised business segments in Italy, Germany and Austria:

– Households, dedicated to private customers with financial assets up to €500,000;

– Small and medium-sized businesses, for companies with annual revenues up to €50 million;

– Corporate banking, for companies with annual revenue exceeding €50 million;

– Private banking, for customers with financial assets exceeding €500,000.

Seven Regional Areas will be established in Italy, and the managers of these Regional Areas will be charged with acting as the point of contact for dealings with key contacts at local institutions. The Regional Area managers will form an Italian Network Committee, headed by the Country Chairman with the participation of the three division heads in Italy and the manager of the regional relations department.

The UniCredit Board of Directors meeting to be held on 3 August 2010 will be asked to vote on the merger, which is expected to become effective on 1 November 2010 subject to the issuance of the necessary authorisations by the appropriate authorities.

First Quarter 2010 Consolidated Results

On 12 May 2010 the Board of Directors of UniCredit approved the consolidated results for the first quarter ended 31 March 2010. An extract of the press release announcing the results is set out below:

The Board of Directors of UniCredit approved the consolidated results for first quarter 2010 which show the **Group's portion of net profit** at €520 million, increasing both QoQ (+40.1 per cent.) and YoY (+16.5 per cent.). UniCredit Group's exposure to sovereign bonds of Greece, Spain, Ireland and Portugal, as of March 31, 2010, was of around €1.6 billion overall. Furthermore, the UniCredit Group announces that it has appointed BofA Merrill Lynch and its Corporate and Investment Banking Division to explore all strategic options to maximise Pioneer's overall franchise value.

First quarter 2010 features the consolidation of several positive elements that emerged in previous quarters, which include: the growth of net commissions, stabilisation of net interest, and a decline in loan loss provisions. The quarter also stands out for the significant increase in net trading, hedging and fair value income which is more than triple with respect to the prior quarter.

In first quarter 2010 **operating income** rises 5.6 per cent. QoQ to €6,806 million, with all the main components recording a solid performance. With respect to the same quarter in 2009 there is also an increase of 3.7 per cent. YoY.

Net interest amounts to €3,917 million in first quarter 2010, a drop YoY when compared to the €4,650 million recorded in first quarter 2009, but basically unchanged with respect to the €4,017 million recorded in fourth quarter 2009.

Net commissions in first quarter 2010 continue to show gradual strengthening, rising both QoQ (+2.6 per cent.) and YoY (+17.5 per cent.) to €2,169 million. As in the prior quarter, both commissions from asset management, custody and administration and other commissions record an increase QoQ (+6.1 per cent. and +0.2 per cent. respectively). At March 31st 2010, the assets managed by the Group's Asset Management Division amount to €185.4 billion, an increase of 5.5 per cent. QoQ and with a positive trend in net sales.

Net trading, hedging and fair value income in first quarter 2010 amounts to €560 million, a significant increase with respect to the €152 million reported in fourth quarter 2009 and the –€93 million reported in the same period of the prior year. The excellent quarterly performance is attributable to strong growth in the revenues from Fixed Income and Currencies in Markets business.

Other net income of €99 million are in line with the €105 million recorded in the same period of the prior year.

Operating costs amount to €3,878 million in first quarter 2010, compared to €3,803 million in fourth quarter 2009 and €3,822 million in first quarter 2009. The increase QoQ of +2.0 per cent. is primarily attributable to currency and perimeter effects (+1.2 per cent. at constant FX and perimeter), variable charges and a drop in the recovery of expenses (which were particularly relevant in fourth quarter 2009). Net of these items, the operating costs show a decline of 0.9 per cent. QoQ.

In first quarter 2010 **payroll costs** amount to €2,322 million compared to €2,277 million in the prior quarter and to €2,296 million in the same period of 2009. The quarterly trend, +1.3 per cent. QoQ net

the currency effect and on a constant perimeter basis, is explained entirely by variable items (provisions for potential variable compensation and charges linked to future staff reductions), net of those the trend shows a –0.3 per cent. QoQ.

Other administrative expenses, net recovery of expenses, reach €1,240 million in first quarter 2010 (compared to €1,176 million in fourth quarter 2009 and €1,226 million in first quarter 2009). The change in the quarter is primarily attributable to currency and perimeter effects and to the decrease of €44 million in recovery of expenses (change QoQ net these items: +0.7 per cent.).

Amortisation, depreciation and impairment losses on intangible and tangible assets in first quarter 2010 amount to €317 million, compared to €350 million in fourth quarter 2009 and €301 million in first quarter 2009.

The **cost/income ratio** for first quarter 2010 drops both QoQ (-2.0 p.p.) and YoY (-1.3 p.p.) coming in at 57.0 per cent.

Operating profit in the first quarter of 2010 amounts to €2,928 million, a decided increase with respect to both fourth quarter 2009 (+10.9 per cent.) and to first quarter 2009 (+6.9 per cent.).

The **provisions for risks and charges** total €156 million, a noticeable reduction with respect to the €232 million reported in the prior quarter and comparing with €68 million in first quarter 2009.

Net write-downs of loans and provisions for guarantees and commitments in first quarter 2010 amount to €1,791 million, in line with the downward trend that emerged in the two previous quarters (fourth quarter 2009: €2,068 million; third quarter 2009: €2,164 million; second quarter 2009: €2,431 million). The **cost of risk** comes in at 127 basis points, a drop of a whopping 37 basis points with respect to the peak in second quarter 2009.

Gross impaired loans at the end of March 2010 total €60.1 billion, an increase of 4.3 per cent. QoQ (less than the +9.2 per cent. QoQ recorded in fourth quarter 2009 net the effect of the cancellation of default interest in Poland). Gross NPLs, the highest risk category, rise 4.2 per cent. QoQ, while the growth in the lower risk categories slows (4.5 per cent. QoQ versus +20.1 per cent. QoQ in fourth quarter 2009 net the effect of the cancellation of overdue interest in Poland).

The **coverage ratio** of total gross impaired loans at March 2010 is 46.5 per cent. (an increase with respect to the 46.1 per cent. recorded at December 2009) which reflects a 61.7 per cent. coverage of the NPLs (61.3 per cent. at December 2009) and a 26.5 per cent. coverage of the other problem loans (26.0 per cent. at December 2009).

Integration costs amount to €6 million in first quarter 2010, which compares with €63 million release in the previous quarter, and which is down with respect to the €67 million costs recorded in the same period in 2009.

Net investment income totals €68 million in first quarter 2010, a decided drop QoQ (–68.6 per cent.) and an improvement over the net loss of €33 million reported in first quarter 2009. The quarterly result is attributable to a series of factors and reflects the capital loss of €72 million from the sale of the holding in Generali which was more than offset by other items (primarily the disposal of other stakes in real estate funds).

Income tax for the period amounts to €403 million in first quarter 2010, compared to €124 million in the prior quarter and €334 million in the same period of the prior year. The tax rate in first quarter 2010 is 38.6 per cent., compared with 36.2 per cent. recorded in the same period of the prior year.

Minorities total €63 million in first quarter 2010, in line with the prior quarter and down with respect to the €76 million reported in first quarter 2009.

The impact of the **Purchase Price Allocation** shows a gradual decrease coming in at –€58 million, compared to –€62 million in fourth quarter 2009 and –€65 million in first quarter 2009.

In first quarter 2010 the **Group's portion of net profit** amounts to €520 million, increasing +40.1 per cent. QoQ (profit amounted to €371 million in fourth quarter 2009) and +16.3 per cent. YoY (profit amounted to €447 million in first quarter 2009).

Total assets at March 2010 amount to €949 billion (€929 billion at December 2009), an increase QoQ of 2.2 per cent. and a drop of 7.7 per cent. YoY. Customer loans in the quarter are largely unchanged, while **trading assets** rise due to an increase in the market value of derivatives. Net of derivatives, trading assets at March 2010 reach €57 billion, a drop of 3.5 per cent. QoQ. **Net interbank funding** falls by an additional €8 billion versus fourth quarter 2009 (and by €61 billion YoY) coming in at €21 billion.

The Group's **leverage ratio**[1] shows further improvement in first quarter 2010, reaching 21.6, a drop of 0.5 with respect to the 22.1 recorded in December 2009 (pro-forma the capital increase announced on September 29th, 2009 and completed in February 2010). The **tangible net equity per share**[2] also shows improvement: at March 2010 it amounts to €2.03, above the December 2009 level (which did not include the effects of the capital increase).

The **Core Tier 1 ratio** at March 2010 reaches 8.45 per cent., largely unchanged with respect to the 8.47 per cent. recorded at December 2009 (pro-forma for the capital increase announced on September 29th, 2009 and completed in February 2010), with a positive contribution from the profit generated in the period, offset by dividends accrual and the increase in risk weighted assets. The **Risk weighted assets** increase slightly (+0.8 per cent. QoQ to €456.0 billion), primarily due to a rise in the CEE region driven by the currency effect.

At the end of March 2010 the Group's organisation consists of a staff of 162,378[3], a further reduction of 2,683 over December 2009 and of 8,353 over March 2009. The decrease in the quarter is primarily attributable to reductions in Western Europe (-1,862 QoQ) and in the Group's centralised functions (-548), while there was a drop of 273 heads in the CEE Region primarily linked to a further decrease in Ukraine and in Kazakhstan, which was partially offset by renewed growth in other countries (above all in Turkey and Poland).

The Group's **network** at the end of March 2010 consists of 9,637 branches (9,799 at December 2009 and 10,131 at March 2009).

Standard & Poor's rating

On 23 April 2010, UniCredit announced that, on that date, the rating agency Standard & Poor's completed a review of its ratings on Italian banks based on an update of its assumption on a potential future credit losses and a reappraisal of earnings for 2010 and 2011: following the rapid and intense economic downturn in 2008-2009, Standard & Poor's expect that a period of very low economic growth will test Italian banking business profitability.

In a context of review of the Italian banks' rating, UniCredit announced that Standard & Poor's affirmed the long-term and short-term ratings (A/A-1). Outlook is stable.

Sale of stake in Assicurazioni Generali S.p.A.

On 17 March 2010, UniCredit announced that it had completed the sale of 44,195,587 ordinary shares of Assicurazioni Generali S.p.A. held through UniCredit Ireland, equal to approximately 2.84 per cent. of the share capital and representing the entire stake held by UniCredit Ireland in Assicurazioni Generali S.p.A. The sale price per share was equal to €18, for an aggregate amount of approximately €796 million. The disposal generated a net loss on a consolidated basis for UniCredit of approximately €67 million. The divestment of the stake is part of the undertakings taken by UniCredit towards the

[1] Calculated as the ratio of total assets net goodwill and other intangible assets (the numerator) and net equity (including minorities) less goodwill and other intangible assets (the denominator).

[2] Calculated as net equity less goodwill and intangible assets/total number of shares

[3] "Full time equivalent": in the figures reported the companies consolidated proportionately, including the KFS Group, are included at 100 per cent.

Italian Competition Authority for the clearance of the merger of Capitalia S.p.A. into UniCredit (Decision n. 17283) dated 18 September 2007 and following extensions dated 3 December 2008 and 12 November 2009.

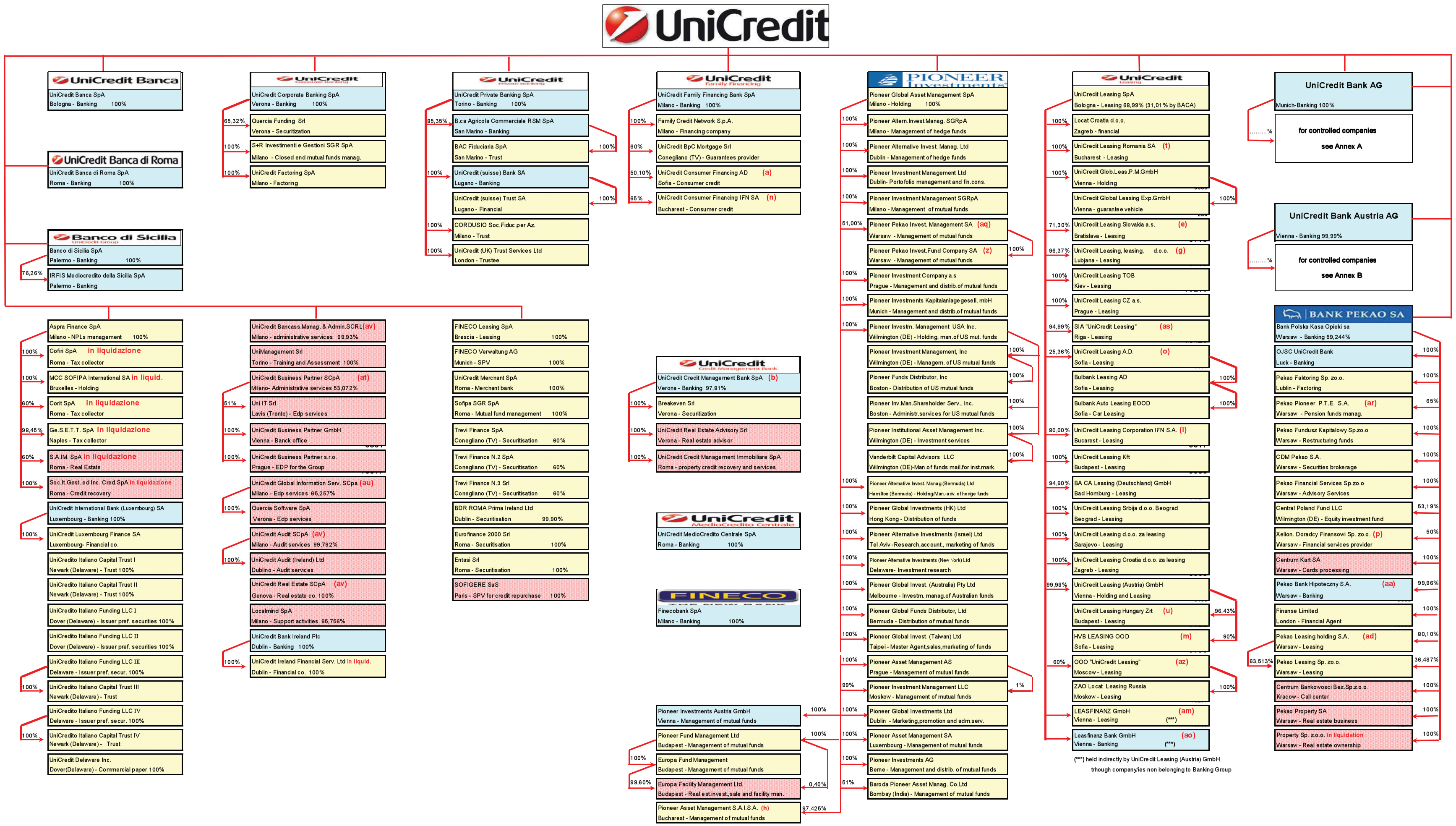
Capital Strengthening

On 7 January 2010, UniCredit's Board of Directors approved the final terms and conditions of the rights issue resolved on by the shareholders in the Extraordinary General Meeting on 16 November 2009. The new ordinary shares were offered at a price of €1.589 per share from 11 January to 29 January 2010 in Italy and Germany and from 14 January to 29 January 2010 in Poland. 98.23 per cent. of the shares offered, i.e. 2,472,338,679 new UniCredit ordinary shares, were subscribed (and no subscriptions were revoked in the Polish and German public offerings). Rights not exercised during the offer period were 297,005,168, valid for the subscription of 44,550,771 UniCredit ordinary shares, and were all sold in the Mercato Telematico Azionario (screen-based stock market) organised and managed by Borsa Italiana S.p.A. pursuant to Article 2441 (3) Italian Civil Code, through UniCredit Bank AG, Milan Branch, on the trading days from 8 February to 12 February 2010. On 24 February 2010 the capital increase resolved on by the mentioned EGM held on 16 November 2009 was thus completed, after which the number of ordinary shares issued was 2,516,889,453.

THE CURRENT ORGANISATIONAL STRUCTURE

UniCredit is the parent company of the Group and, in that role, pursuant to Clause 61 of Legislative Decree No. 385 of 1 September 1993, as amended (**Testo Unico**), undertakes management and co-ordination activities in respect of the Group to ensure the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability.

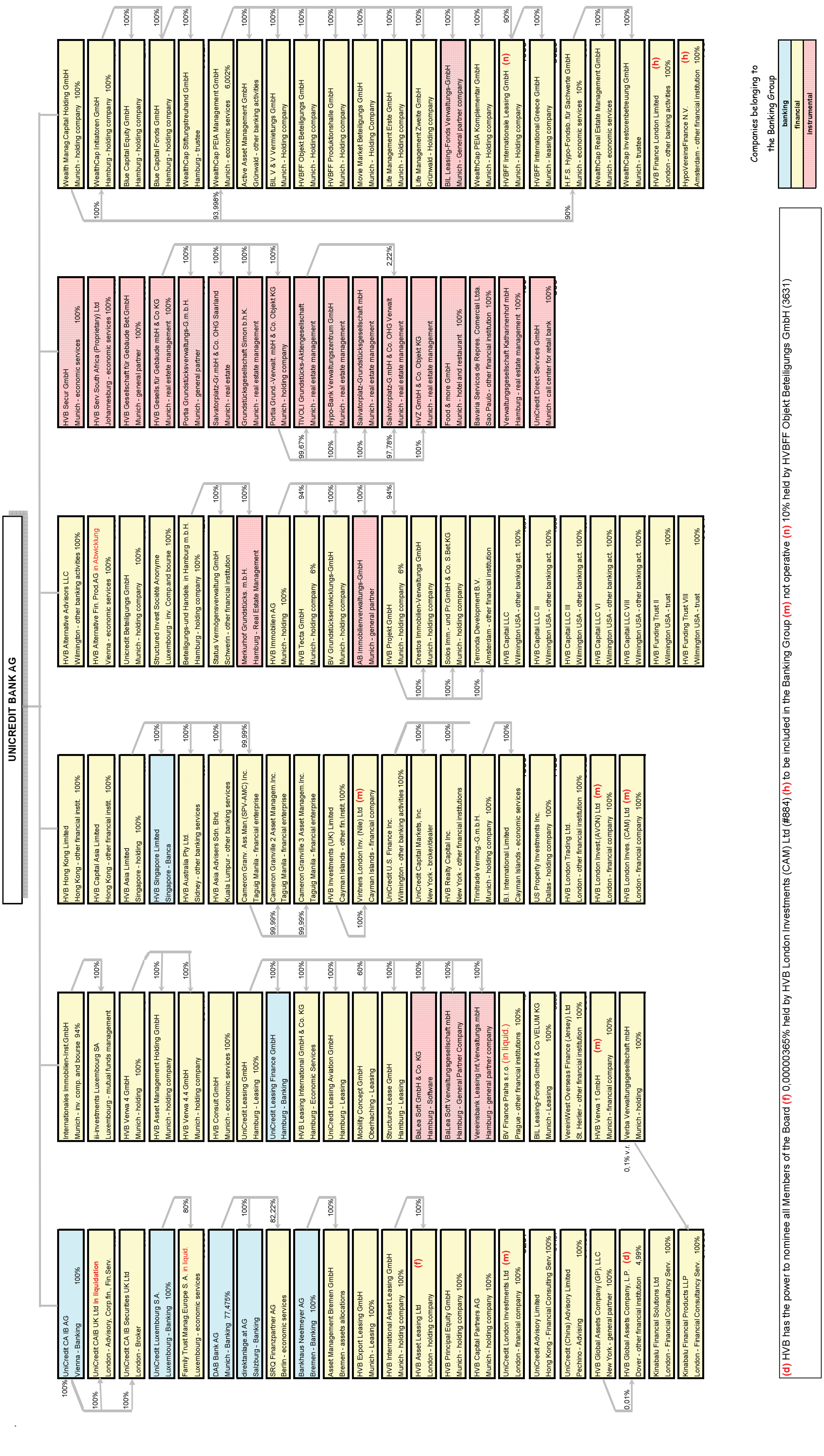
The following diagrams illustrate the banking companies controlled by UniCredit belonging to the Group, as at the date of this Prospectus.



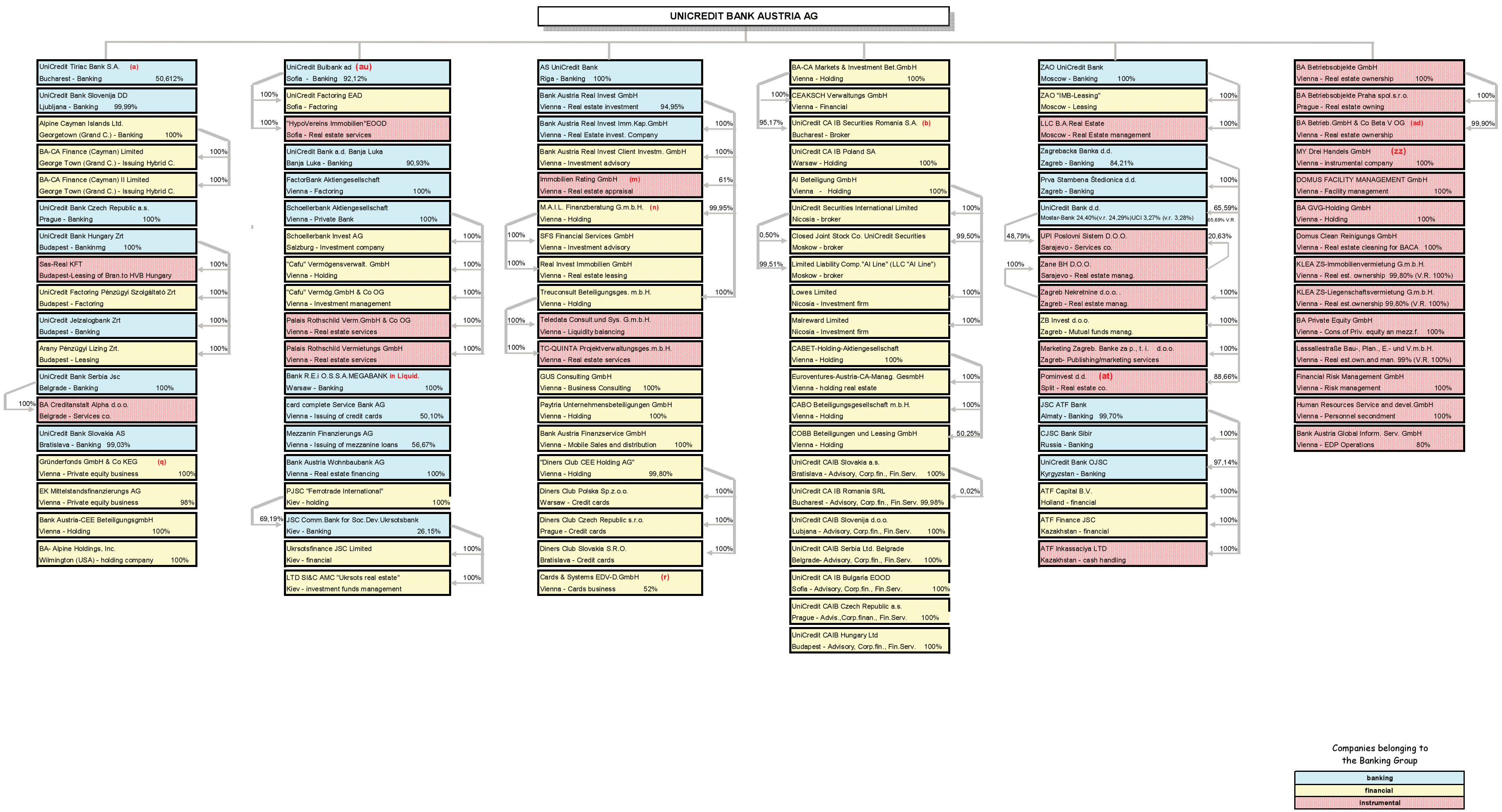
Companies belonging to the Banking Group

- banking
- financial
- instrumental

(a) 49,9% held by UniCredit Bulbank AD (b) # 175.000 shares owned by UniCredit Credit Management Bank SpA (d) to be included in the Banking Group (e) 8,8% held by UniCredit Leasing CZ a.s. (8168), 19,90% held by UniCredit Bank Slovakia a.s. (10082 BA) (g) 3,63% held by UniCredit Bank Slovenija DD (370 BA) (h) 2,575% held by UniCredit Tiriak Bank SA (10028) (l) 20% held by UniCredit Tiriac Bank (10028) (m) 10% held by UniCredit Bulbank AD (10073 BA) (n) 35% held by UniCredit Tiriac Bank SA (o) 24,37% held by UniCredit Bulbank AD (10073), 40,22% held by HVB Leasing OOD and 10,05% held by UniCredit Global Leasing Versicherungsservice GmbH (p) 50% owned directly by UniCredit (t) UniCredit Tiriac Bank holds one share of the company (u) 3,57% held by BA Eurolease Beteiligungsgesellschaft m.b.H. (213) (z) in Polish: Pioneer Pekao TFI SA (aa) 0,04% held by Holding Sp.z.o.o (ad) 19,90 held by UniCredit Leasing SpA (am) held 100% by # 10040 LF Beteiligungen GmbH (ao) held 100% by # 8424 BACA Leasing Und Beteilgungsmanagement GmbH (aq) 49% held by Bank Pekao SA (ar) 35% held by Pioneer Global Asset Management SpA (as) 5,01% held by AS UniCredit Bank (10286 BA) (at) 18,11% held by UniCredit Bank AG and 28,81% by UniCredit Bank Austria AG. Other companies belonging to UniCredit Group and a third party hold 10 shares of the company (au) 24,72% held by UniCredit Bank AG and 10,02% by UniCredit Bank Austria AG. Other companies belonging to UniCredit Group and a third party hold 10 shares of the company (av) Other companies belonging to UniCredit Group hold 20 shares of the company (az) 40% held by Zao UniCredit Bank (BA)



(d) HVB has the power to nominee all Members of the Board (f) 0,00000365% held by HVB London Investments (CAM) Ltd (#884) (h) to be included in the Banking Group (m) not operative (n) 10% held by HVBFF Objekt Beteiligungs GmbH (3631)



a) % considering shares held by other Companies controlled by BA **b)** 4,83%, held by UniCredit Tiriac Bank SA (10028) **(e)** to be included in the Banking Group **(m)** 19% held by BA and 19% held by UniCredit Leasing (Austria) GmbH (6193) **(n)** 0,05% held by Teledata C.und S.G.m.b.H (174) **(q)** 100% voting rights held by Gründerfonds GmbH (9631) **(r)** 5% held by card complete Service Bank AG (62), 1% held by Diners Club CEE Holding AG (6338) **(ad)** 0,1% held by My Drei Handels GmbH (9584) **(at)** % on share capital; 88,95 of voting rights **(au)** 0,004% held by UniCredit **(zz)** not operative

STRATEGY OF THE GROUP

As the parent company of the Group, pursuant to the provisions of Clause 61 of Legislative Decree No. 385 dated 1 September 1993, as modified and in compliance with local law and regulations, UniCredit undertakes management and co-ordination activities in respect of the Group to ensure the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability.

UniCredit engages in the following main strategic functions:

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

The Group operates certain centralised functions such as information technology and back office administration through UniCredit Global Information Services S.C.p.A. and UniCredit Business Partner S.C. p.A.

Furthermore, UniCredit intends to create value by pursuing the following principal strategic initiatives at the Group level:

- leveraging on its business model based on diversification both geographically and in terms of business;
- further increasing cost efficiency in Group structure and intra-group services;
- leveraging on global product lines throughout the Group's commercial networks;
- optimising the return on risk weighted assets, while strengthening the Group's capital ratios, through a highly selective investment policy and a strong focus on risk-monitoring processes;
- strengthening profitability and cost control in Western Europe with a constant and strong commitment to support both families and companies; and
- further strengthening the Group's results in Central and Eastern Europe while keeping risks under strict control.

The principal strategic objectives of each of the UniCredit Group's business functions[4] are as follows:

- **Retail**: provides retail banking products and services to families and small businesses. Retail's fundamental role is to enable individuals, families and small business customers to satisfy their financial needs by offering them a complete range of high quality, reliable products and services at competitive prices. Our retail banking strength stems from several sources, the two main drivers being the expertise of our people and the focus centred on customer satisfaction

[4] In the UniCredit Group's current organisational structure, "Retail" and "Corporate & Investment Banking and Private Banking" are Strategic Business Areas.

throughout the organisation. Retail is also converting the advantage of its international geographical presence by providing state of the art Cross Border Business services with dedicated desks to the customers;

- **Corporate & Investment Banking (CIB)**: supports the growth and internationalisation efforts of the UniCredit Group core corporate and institutional clients, leveraging on an unmatched customer proximity and exploiting, by means of its distribution capabilities, the excellence of its product lines, co-ordinating in an highly synergic manner the origination, execution and management competences of its coverage units and product lines. In particular, CIB's objectives are:

  - to become the point of reference for the corporate clients that operate in the Group core markets, by engineering and distributing high added value standard products and tailor-made 'mid-cap' solutions, promoting the diffusion of know-how on specialised products and the development of global businesses; and

  - to consolidate its position as a leading European regional specialist in global financial markets and investment banking services, primarily focusing on the countries where the Group is active;

- **Private Banking**: to establish a pan-European platform offering sophisticated high-value added services to high-net-worth individual customers. Private Banking can leverage on well established onshore networks in Germany, Italy, Austria and on additional platforms in Switzerland, Luxembourg and San Marino;

- **Asset Management**: to maximise the quality of service and to provide the most appropriate range of products to the customers (Retail, Private and Institutional) leveraging also on the Group's distribution channels. Asset management products are and will continue to be a core part of our client portfolios. To ensure the best offer service and optimise the value for the clients and for shareholders, UniCredit Group will be assessing some strategic options aiming to enhance efficiency, effectiveness and scale of Pioneer Global Asset Management;

- **Poland's Markets**: to maximise long term value creation by consolidating the Group's leading position. The current strategic guidelines are based on the development of marketing and distribution practices for all business lines; and

- **Central and Eastern Europe**: continues to focus on organic growth while strengthening both risk control and efficiency. In the CEE region, UniCredit relies on the extension of business platforms, know-how and best practices developed within the Group, which, combined with a strong knowledge of local markets, allows it to offer state of the art products and services. The business platforms of Asset Management, Leasing and Global Transaction Banking reach almost full coverage in the region.

BUSINESS AREAS

Retail

The Retail Strategic Business Area is composed of several core functions with different roles.

The objective of the Retail Network in Italy, Germany and Austria Business Lines is to be the preferred banking partner for customers in the mass market, affluent and small business segments, to contribute to sustainable growth in a phase of increasing competition, more restrictive regulations and volatile financial markets.

The Product Line ***Household Financing*** seeks to leverage on the Group's network and create a world-class global product factory in Consumer Loans, Mortgages and Revolving Cards. This business is currently active in Italy, Germany, Poland, Romania, Bulgaria and Russia.

Asset Gathering uses its network of financial planners and independent financial advisors to provide innovative, specialised and qualified financial services, thanks to a range of products characterised by efficiency and specialisation. This business specifically offers services in retail and institutional trading, multi-brand investment, online banking and credit.

The Key Business Function ***Global Retail Marketing & Segments*** takes a global approach to segment and product management, transfers expertise between countries and creates synergies capable of providing to the clients the best current account services, investment and credit products. Managing the CRM activities and multi-channel banking, the function brings in the Group's innovative culture to customer service and also supports the Group CEE Banks.

Corporate & Investment Banking

Through its locally dedicated networks, Corporate & Investment Banking (CIB) is responsible for the delivery to corporates, banks and financial institutions of a broad variety of financial services, including lending and other traditional commercial banking services, project finance, acquisition finance and other high added value services, leveraging on the expertise and product offer of its dedicated Product Lines: Financing & Advisory, Global Transaction Banking, Leasing and Markets.

Financing & Advisory is the "competence center" for lending business and advisory to corporate clients: directly involved in deals structuring and pricing of more complex products and sophisticated clients, F&A defines also the pricing guidelines, in cooperation with commercial Networks, of plain vanilla financing deals and core clients related activity.

The ***Global Transaction Banking*** Product Line offers products, services and solutions for cash management, e-banking, trade finance, supply chain management and securities services, as well as complex structured trade and export finance solutions. This international business area, targeting both corporate customers and financial institutions, has expanded its service model and operations to 22 countries (through Group banks) with a sales organisation consisting of about 2,000 dedicated specialists and over 4,000 correspondent banks.

The ***Leasing*** Product Line offers leasing solutions and spreads product know-how through its own network and in close co-operation with the Group's banking network.

Markets is the "competence centre" for all financial markets activities across the UniCredit Group's Group companies. It is an integral part of the UniCredit Group, leveraging on the existing Group platform and client franchises serving as the Group's access to the capital markets. The combination of HVB, Bank Austria and the former Capitalia Group's capabilities results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralised "product line", Markets is responsible for the direct and global co-ordination of all financial markets-related activities, which include structuring, distribution and trading of interest rate, FX, equity, credit and capital markets products, covering both primary and secondary markets.

Private Banking

The Private Banking Business Line is dedicated to high-net-worth clients and aims to be the trusted private banker of families, entrepreneurs and self-employed professionals. The Business Line achieves this by offering high-value-added advisory services and solutions based on long-standing local relationships managed by private bankers with consolidated professional expertise and on the Group's international know-how. Its strength is the ability to use a 360-degree approach to protect and increase wealth, to maximise the value of all kinds of assets by recourse to an independent selection of a wide range of financial and non-financial products and services, jointly with accurate risk monitoring and management.

UniCredit Group Private Banking operates on a regional level through the following main entities:

- UniCredit Private Banking and its subsidiaries;
- UniCredit AG and its subsidiaries; and
- Bank Austria and its subsidiary Schoellerbank AG.

Asset Management

The Asset Management Product Line co-ordinates the fund and asset management activities of the Group in all geographic markets, including Poland and the whole CEE region, through a specialised sub-holding company, Pioneer Global Asset Management, and its subsidiaries. Pioneer Investments has been focusing on customer wealth protection and growth since its foundation in 1928, and is a global trader managing approximately €180 billion.

Thanks to its partnership with leading financial institutions around the world, Pioneer Global Asset Management is able to offer a complete, innovative range of financial solutions, which include mutual funds, hedge funds, wealth management, institutional portfolios and structured products.

Poland's Markets

UniCredit Group's operations in Poland are managed through Bank Pekao which also holds a subsidiary in Ukraine. In Poland, through Bank Pekao, UniCredit Group is one of the leading banks in Poland in terms of total assets, loans to customers and assets under management. The bank can rely on a nationwide network of more than 1,000 branches, a strong presence in all major cities in the country and Poland's largest ATM network of about 1,900 ATMs.

Central and Eastern Europe (CEE)

Bank Austria acts as a sub-holding for the Group's banking activities in the CEE, with the exception of Bank Pekao. The UniCredit Group has a very strong regional network in terms of assets, countries in which it is present and number of branches. A comprehensive range of financial products and services is offered to the Group's retail, corporate, private banking and institutional customers through a network of approximately 2,800 branches in 18 countries: Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine (Ukrsotsbank).

PERFORMANCE OF THE UNICREDIT GROUP

The following table summarises key financial Group consolidated figures split by business contribution at 31 December 2009. (The breakdown of profit and loss figures by business given below is in line with the management reporting of Group results, considering that the two former business divisions Corporate and Markets & Investment Banking are now grouped together in CIB.)

	Year ended 31 December 2009					
(Euro millions; %)	Operating Income	Per cent. of Group's Operating Income	Operating Costs	Per cent. of Group's Operating Costs	Operating Profit	Profit before taxes
Retail	9,846	35.71%	(7,026)	45.85%	2,821	945
Corporate & Investment Banking	10,033	36.39%	(3,309)	21.59%	6,724	1,555
Private Banking	779	2.83%	(544)	3.55%	236	203
Asset Management	733	2.66%	(455)	2.97%	278	287
CEE	4,613	16.73%	(1,949)	12.72%	2,664	908
Poland's Markets	1,634	5.93%	(853)	5.57%	780	692
Corporate Centre (*)	(66)	(0.24%)	(1,189)	7.76%	(1,255)	(1,290)
Total Consolidated	27,572	100.00%	(15,324)	100.00%	12,248	3,300

* Consolidation adjustments included.

SIGNIFICANT OR MATERIAL CHANGE

Save as disclosed in "*Recent Developments*" above, since 31 December 2009 there has been no significant change in the financial or trading position of UniCredit and its subsidiaries taken as a whole and there has been no material adverse change in the prospects of UniCredit or the Group.

LEGAL PROCEEDINGS

There are pending lawsuits against UniCredit S.p.A. and other UniCredit Group companies.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of any possible losses. These cases include criminal proceedings, administrative proceedings by the Supervisory Authority and claims in which the petitioner has not specifically quantified the penalties requested (for example, in putative class action in the United States). In such cases, given the infeasibility of predicting possible outcomes and estimating any losses in a reliable manner, no provisions are made. However, where it is possible to reliably estimate the amount of possible losses and the loss is considered likely, provisions have been made in the financial statements based on the circumstances and consistent with IAS international accounting standards.

To protect against possible liabilities that may result from pending lawsuits (excluding labour law, tax cases or credit recovery actions), the UniCredit Group has set aside a provision for risks of charges of approximately €1.3 billion as at 31 December 2009. However, it is possible that this provision may not be sufficient to entirely meet the legal charges and the fines and penalties requested in pending legal actions.

Therefore, it may occur that a negative outcome for said proceedings could have a harmful effect on the financial situation of the UniCredit Group.

The following is a summary of pending cases in which the UniCredit Group is involved, and which have a value of €100 million or greater. Tax, labour law and credit recovery cases are not included.

Action initiated against UniCredit S.p.A., its Managing Director and the Managing Director of HVB (Hedge Fund Claim) and action initiated against Verbraucherzentrale (VzfK Claim)

In July 2007, eight hedge funds (followed by various minority shareholders of HVB) submitted a writ of summons to the Regional Court of Munich for compensation for damages allegedly suffered by HVB as a consequence of certain transactions regarding the transfer of equity investments and business lines from HVB (after its entry into UniCredit Group) to UniCredit S.p.A. or other UniCredit Group companies (and *vice versa*). In addition, they argue that the HVB reorganisation costs should be borne by UniCredit S.p.A.

The defendants in the lawsuit are UniCredit S.p.A., its Managing Director, Alessandro Profumo, and the former Managing Director of HVB, Wolfgang Sprissler.

The plaintiffs are seeking: (i) damages in the amount of €17.35 billion, plus interest; and (ii) that the Munich Court order UniCredit S.p.A. to pay HVB's minority shareholders appropriate compensation in the form of a guaranteed regular dividend from 19 November 2005 onwards.

The defendants lodged their defence pleas with the Regional Court of Munich on 25 February 2008.

Furthermore, another minority shareholder of HVB, Verbraucherzentrale fur Kapitanleger (**VzfK**), which already owned a non-significant shareholding in the company's capital, started substantially similar legal proceedings against UniCredit S.p.A., its Managing Director and the then Managing Director of HVB, Wolfang Sprissler (for an amount equal to €173.5 million plus interest) and on 29 July 2009 the Regional Court of Munich combined these proceedings with the proceedings brought by the hedge funds.

The first court hearing took place on 10 December 2009.

On 18 June 2010, the Regional Court of Munich suspended the proceedings until a final decision is made on the validity of the appointment and subsequent removal of the Special Representative.

The defendants, while aware of the risks that any such suit inevitably entails, are of the opinion that the claims are groundless, given that all of the transactions referred to by the plaintiffs were carried out on payment of consideration which was held to be fair on the basis of third-party advisors' opinions. As such, no provision has been made.

Special Representative

On 27 June 2007, the HVB annual Shareholders' Meeting passed a resolution for a claim of damages against UniCredit S.p.A., its legal representatives, and members of HVB's management board and supervisory board, citing damages to HVB due to the sale of its equity investment in BA (as defined below) and the Business Combination Agreement (**BCA**) entered into with UniCredit S.p.A. during the integration process. The attorney Thomas Heidel was appointed as Special Representative by a shareholders' resolution voted on by the minority shareholders with the task of verifying if there are sufficient grounds to move forward with this claim. To this end, the Special Representative was granted the authority to examine documents and obtain further information from HVB.

Based on his investigations within HVB, in December 2007, the Special Representative asked UniCredit S.p.A. to restore the purchased BA shares to HVB.

In January 2008, UniCredit S.p.A. replied to the Special Representative, stating that, in its view, such a request was unfounded.

On 20 February 2008, Attorney Heidel, acting as Special Representative, filed a petition against UniCredit S.p.A., its Managing Director, Alessandro Profumo, the former Managing Director of HVB, Wolfgang Sprissler and HVB's former Chief Financial Officer, Rolf Friedhofen, requiring the defendants to return the BA shares to HVB along with compensation to HVB for any additional losses in the matter or, if this petition is not granted by the Munich Court, to pay €13.9 billion in damages.

On 10 July 2008, Attorney Heidel filed and gave notice of an amendment to the petition. In it he asked that UniCredit S.p.A., its Managing Director, and HVB's former Managing Director and former Chief Financial Officer be ordered to return the additional amount of €2.98 billion (plus interest) in addition to damages that may result from the capital increase resolved by HVB in April 2007 following the transfer of the banking business of the former UBM to HVB. Specifically, the Special Representative asserted that the transfer was overvalued and that auditing rules were violated.

Since it is doubtful that the amendment of the Special Representative's petition is within his powers as authorised by the resolution of the HVB Shareholders' Meeting in June 2007, UniCredit S.p.A. considers the plaintiff's claims to be unfounded, partly in consideration of the fact that both the sale of BA and the transfer of the operations of the former UBM during the HVB capital increase were carried out on the basis of independent assessments (fairness opinions and valuation reports) of well-known external auditors and investment banks. Therefore, UniCredit S.p.A. has not made any provisions in relation to these proceedings.

On 10 November 2008, an extraordinary meeting of HVB shareholders was held and resolved to revoke the resolution of 27 June 2007. Consequently, Attorney Heidel was removed as HVB's Special Representative and no longer has the authority to prosecute the actions brought against UniCredit S.p.A., its officers, or HVB's officers, unless the 10 November 2008 resolution is declared null or ineffective. In particular, the removal of the Special Representative prevents him from continuing his petition for damages, which, moreover, will not lapse automatically, but rather only if a decision in this matter is made by HVB's supervisory board (against Wolfgang Sprissler and Rolf Friedhofen) and the management board (against UniCredit S.p.A. and its Managing Director). HVB's statutory bodies, with the assistance of external consultants, initiated a review of this complex matter to make the related decisions under their authority.

The removal of the Special Representative was contested by Attorney Heidel and by a minority shareholder. On 27 August 2009, the Regional Court of Munich declared the Special Representative's removal null. UniCredit appealed against that decision and, on 3 March 2010, the Regional High Court of Munich granted the appeal overturning the decision of Regional Court of Munich. The decision is subject to further appeal.

On 2 June 2009, the Regional Court of Munich decided to suspend arguments on the Special Representative's petition until a final decision is made on the validity of the appointment and subsequent removal of the Special Representative.

The Special Representative submitted a request to review the suspension measure of the petition. Following the Special Representative's removal, HVB withdrew this request. The Regional Court of Munich has not yet issued a decision regarding the Special Representative's request and the validity of HVB's withdrawal of the request. The same first instance judge will review and if, as expected, the judge does not reverse his decision, the Regional High Court will decide on the correctness of the suspension measure.

Doddato Federico & C. a r.l. and Mr. Giuseppe Doddato

The company Doddato Federico & C. a r.l. and Mr. Giuseppe Doddato filed a suit against Banca di Roma (now UniCredit) in November 1998 to obtain compensation for damages in the amount of approximately €150 million, in addition to interest, costs and monetary adjustments. The plaintiffs contested the alleged illicit behaviour of Banca di Roma in relation to an overdraft on cancellation of an account. The amount claimed was quantified only at the final pleadings stage.

On 17 January 2009, the Court rejected the plaintiffs' request, declaring that the suit was groundless.

In March 2010, the company Doddato Federico & C. a r.l. appealed the decision, seeking damages in an increased amount of approximately €250 million.

UniCredit considers the claim to be groundless and, considering the favourable first instance ruling, no provisions have been made.

The proceedings were connected to a credit recovery action in respect of a credit which has since been sold.

Cirio

In April 2004, the extraordinary administration of Cirio Finanziaria S.p.A. served notice on Sergio Cragnotti and various banks, including Capitalia S.p.A. (absorbed by UniCredit S.p.A.) and Banca di Roma S.p.A., of a petition to obtain judgment declaring the invalidity of an allegedly illegal agreement with Cirio S.p.A. regarding the sale of the dairy company Eurolat to Dalmata S.r.l. (Parmalat). The extraordinary administration subsequently requested that Capitalia S.p.A. and Banca di Roma S.p.A. be found jointly liable to reimburse a sum of €168 million and that all defendants be found jointly liable to pay damages of €474 million.

Furthermore, the extraordinary administration requested, should the above fail, the revocation of the deeds of settlement made by Cirio S.p.A. and/or repayment by the banks of the amount paid for the agreement in question, on the grounds of undue profiteering, pursuant to Article 2901 of the Italian Civil Code.

In May 2007, the case was retained for the judge's ruling. No preliminary investigation was conducted. In February 2008, an unexpected ruling by the Court of Rome ordered Capitalia S.p.A. (currently UniCredit S.p.A.) and Sergio Cragnotti to pay €223.3 million plus currency appreciation and interest from 1999. UniCredit S.p.A. has appealed the sentence, requesting the suspension of the execution of the lower court's judgment. The Rome Court of Appeals, with a ruling issued on 17 March 2009, suspended the execution of the lower court's judgment.

The next hearing is scheduled on 11 November 2014.

Provisions have been made for an amount considered congruous to the current risk associated with the proceedings.

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In April 2007, certain Cirio Group companies in administration filed a petition against Capitalia S.p.A. (now UniCredit S.p.A.), Banca di Roma S.p.A., UBM (now UniCredit S.p.A.) and other banks for compensation of damages resulting from their role as arrangers of bond issues by Cirio Group companies, although, according to the plaintiffs, they were already insolvent at the time. Damages were quantified as follows:

- the damages incurred by the petitioners due to a worsening of their financial condition were calculated within a range of €421.6 million to €2.082 billion (depending upon the criteria applied);

- the damages incurred because of the fees paid to the lead managers for bond placements were calculated at a total of €9.8 million;

- the damages, to be determined during the proceedings, incurred by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.), for losses related to the infeasibility of recovering, through post-bankruptcy clawback, at least the amount used between 1999 and 2000 to cover the debt exposure of some of the Group companies;

plus interest and currency revaluation from the date owed to the date of payment.

In the ruling of 3 November 2009 the judge denied the plaintiffs' claim that the companies of the Cirio Group in extraordinary administration be held jointly liable for reimbursement of legal expenses, in favour of the defendant banks.

The Extraordinary Administration has appealed against the ruling.

UniCredit S.p.A., having considered the opinion of its defence counsel, believes the action to be groundless. Accordingly no provisions have been made.

International Industrial Participations Holding IIP N.V.

On 30 October 2007, International Industrial Participations Holding IIP N.V. (formerly Cragnotti & Partners Capital Investment N.V.) and Sergio Cragnotti brought a civil action against UniCredit S.p.A. (as the successor to Capitalia S.p.A.) and Banca di Roma S.p.A. for alleged direct damages and loss of profit quantified at €135 million claiming:

- primarily, the breach of contractual obligations of financial assistance previously assumed in favour of Cragnotti & Partners Capital Investment N.V., Sergio Cragnotti, and Cirio Finanziaria S.p.A. Cirio Group, which resulted in its insolvency;

- secondarily, the illegitimate refusal by the defendants to provide Cirio Finanziaria S.p.A. and Cirio Group with the financial assistance necessary to repay a bond expiring on 6 November 2002, on the basis that the defendants were allegedly not acting properly and in good faith.

The investigating magistrate set a clarification hearing to deliver his conclusions on 18 October 2010.

Following the recent reorganisation of UniCredit Group, without prejudice to the legitimation of UniCredit S.p.A. as the defendant, the question in law, previously attributable to Banca di Roma S.p.A. was transferred to UniCredit Corporate Banking S.p.A.

The defendants believe the plaintiff's claim in this action is completely groundless and, as a result, no provisions have been made at present.

Gruppo Fratelli Costanzo

The companies of the Costanzo group, originally controlled by the Costanzo family, have been under extraordinary administration since 1996. In February 2006, several representatives of the Costanzo family brought suit for damages against the extraordinary administration and the Ministry of Production alleging poor management of the companies in the group. The plaintiffs also sued the members of the Supervisory Committee, of which the subsidiaries IRFIS S.p.A. and Banca di Roma (now UniCredit S.p.A.) were members, alleging omissions in oversight. The total claim amounts to about €2.04 billion.

As a result of the Catania Court's declaration of lack of jurisdiction, the case was brought again before the Regional Administrative Court of Lazio – Rome in November 2009.

To obtain a declaration of lack of territorial jurisdiction on the part of the Regional Administrative Court of Lazio – Rome and, on the other hand, the presence of jurisdiction on the part of the Regional Administrative Court (TAR) of Sicily – Catania, the company Fratelli Costanzo S.p.A in A.S. (under extraordinary administration) has appealed to the Council of State for a preliminary determination of jurisdiction. The Council of State declared that the TAR Sicilia – Catania had jurisdiction in respect of the matter.

The defendants believe the claim for damages to be groundless and therefore, having considered the opinion of defence counsel, no provision has been made for it.

Qui tam Complaint against Vanderbilt LLC and other UniCredit Group companies

On 14 July 2008, Frank Foy and his wife, in compliance with local New Mexican law (**Qui Tam Statute**), according to which any State resident may file a legal action on behalf of the State, filed a complaint on behalf of the State of New Mexico in relation to certain investments made by the New Mexico Educational Retirement Board (**ERB**) and the State of New Mexico Investment Council (**SIC**) in Vanderbilt LLC (**VF**), an indirect UniCredit S.p.A. investee company. Frank Foy claims to have been the Chief Investment Officer of ERB and to have submitted his resignation in March 2008.

Frank Foy requests, on behalf of the State of New Mexico, compensation for damages totaling USD 360 million (including applicable penalties as part of the New Mexico Fraud against Taxpayers Act, which provides for the possibility of treble damages) based on the New Mexico Fraud against Taxpayers Act, asserting that Vanderbilt VF and the other defendants surreptitiously persuaded ERB and SIC to invest USD 90 million in Vanderbilt products (i) by knowingly providing false information on the nature and risk level of the VF investment and (ii) by guaranteeing improper contributions to then-Governor of the State of New Mexico, Bill Richardson, and other State officials, to convince them to make the investment. Frank Foy maintains that the State suffered damages equivalent to the entire initial investment of USD 90 million (consequential damages) and requests an additional USD 30 million for loss of profit.

Defendants include – *inter alia* – the following:

- Vanderbilt Capital Advisors, LLC (**VCA**), a wholly-owned indirect subsidiary of Pioneer Investment Management USA Inc. (**PIM US**);
- Vanderbilt Financial, LLC (**VF**), a special purpose vehicle in which PIM US has an 8 per cent. holding;
- Pioneer Investment Management USA Inc. (**PIM US**), a wholly-owned subsidiary of PGAM;
- PGAM., a wholly-owned subsidiary of UniCredit S.p.A.;
- UniCredit S.p.A.;
- various directors of VCA, VF and PIM US; and
- law firms, external auditors, investment banks and State of New Mexico officials.

At present, an assessment on the economic impact that may result from the proceedings is premature and thus no provisions have been made.

The defendants have requested that the plaintiff's claim be denied. The Court has not yet set a date for a hearing on said request.

The petition was served to the American companies, including Vanderbilt Capital Advisors and Pioneer Investment Management USA Inc. (both part of UniCredit Group). The natural persons who are called as defendants have also been served the petition.

The petition was served on UniCredit S.p.A. on 24 September 2009 and on PGAM on 17 December 2009.

On 8 March 2010, the main plaintiff filed a purported amended complaint seeking to add one additional plaintiff, several additional defendants, and over 50 additional claims. Mr. Foy also seeks to put in issue other CDO transactions involving Vanderbilt in which the New Mexico public funds invested, and has thereby increased the claimed losses from $90 million to $243.5 million. The defendants have challenged whether the amended complaint was properly filed, and on 26 March 2010, the court ruled that it will not consider the amended complaint, and the defendants need not respond to it, until after the court has addressed the previously submitted motions to dismiss the original complaint.

On 28 April 2010, Judge Pfeffer issued an order dismissing all of the claims brought by the original complaint. The Judge had already expressed concerns that retroactive application of the New Mexico Qui Tam Statute (**FATA**) would violate constitutional prohibitions against ex post facto laws: this was the basis for the ruling dismissing all the FATA claims. The Judge also dismissed Foy's claims under the state Unfair Practices Act (**UPA**) on grounds that claims were based on securities transactions not within the scope of the protections offered by the UPA.

Moreover, in January 2010, a purported class or derivative action entitled *Donna J. Hill v. Vanderbilt Capital Advisors, LLC, et al.*, was filed in the state court in Santa Fe, New Mexico, in which Ms. Hill, a beneficiary of the New Mexico Educational Retirement Fund, seeks to recover on behalf of the Fund or its plan participants the money that the Fund lost on its investment in Vanderbilt Financial, LLC (**VF**).

In February 2010, a parallel case by another plan participant, entitled *Michael J. Hammes v. Vanderbilt Capital Advisors, LLC, et al.*, was filed in the same court making virtually identical allegations. The Hill and Hammes cases make factual allegations similar to those asserted by the Foy compliant, but they bring their claims under common law principles of fraud, breach of fiduciary duty (against the Educational Retirement Board (**ERB**) members), and aiding and abetting breaches of duty by those board members.

The Hill and Hammes cases name as defendants Vanderbilt, VF, PIM and various current or former officers and directors of Vanderbilt, VF and/or PIM; several current or former ERB board members; and other parties unconnected to Vanderbilt. Neither PGAM nor UniCredit are named as defendants in these cases. The defendants are not yet due to answer or move against either complaint. Meanwhile, in February 2010, the Hill case was removed by one of the ERB board member defendants to the United States District Court for the District of New Mexico. Neither complaint specifies the amount of damages claimed, but the ERB invested $40 million in VF, and these claimed losses are subsumed within the damages claimed in the Foy lawsuit.

Divania S.r.l.

In the first half of 2007, Divania S.r.l. filed a suit against UniCredit Banca d'Impresa S.p.A. (now UniCredit Corporate Banking S.p.A.) contesting the violations of the law and regulations (relevant, amongst other things, to financial products) with reference to the operations in rate and currency derivative transactions created between January 2000 and May 2005 by Credito Italiano S.p.A. initially, and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit Corporate Banking S.p.A.), for a total of 206 contracts.

The petition, which requests that the contracts be declared inexistent, or failing that, null and void or to be cancelled or terminated and that UniCredit Banca d'Impresa S.p.A. (now UniCredit Corporate

Banking S.p.A.) be found liable to pay a total of €276.6 million as well as legal fees and interest, was served on 26 March 2007 in the Court of Bari as part of the new corporate procedure. An expert witness report was requested in the fall of 2008.

In April 2010 the expert submitted its report. The report broadly confirms the facts as represented by the defendant, stating that there was a loss on derivatives amounting to about €6,400,000 (which would increase to about €10,884,000 should the out-of-court settlement, challenged by the plaintiff, be adjudicated illegitimate and thus null and void). The expert opinion states that interest should be added in an amount between €4,137,000 (contractual rate) and €868,000 (legal rate).

UniCredit Corporate Banking S.p.A. considers the claimed amount to be disproportionate to the actual litigation risk, as the amount claimed was calculated by adding all debit entries made (for an amount much larger than the actual amount), without including the credits that very significantly reduce the claimant's demands. Furthermore, a settlement had been reached, and signed on 8 June 2005, for the contested transactions, under which Divania S.r.l. stated that it would no longer make any claim, for any reason, for the transactions now being disputed. The petition calls into question the validity of the transaction, arguing that the settlement is null and void given the alleged illegitimacy of the transactions in question. UniCredit Corporate Banking S.p.A. believes that, notwithstanding the foregoing, were it to be found liable the maximum amount of its liability would be approximately €4 million, equivalent to the sum that was debited to the plaintiff's account at the time of the transaction. For this reason, a provision has been made for an amount consistent with this conclusion.

On 21 September 2009, Divania S.r.l. served an additional and separate petition to UniCredit Corporate Banking S.p.A. at the Court of Bari, requesting compensation for damages allegedly incurred, amounting to €68.9 million, contesting the violations of law and regulation (relevant, amongst other things, to financial products) as a result of the defendant's alleged behaviour in relation to the derivative transactions in question, and, more generally, the alleged behaviour in regards to the customer. The suit is closely linked to the suit already pending.

This petition is considered to be without grounds and therefore no provisions have been made at present.

Acquisition of Cerruti Holding Company S.p.A. by Fin.Part S.p.A.

At the beginning of August 2008, the receivership of Fin.Part S.p.A. (**Fin.Part**) brought a civil action against UniCredit S.p.A., UniCredit Banca S.p.A., UniCredit Corporate Banking S.p.A. and one other bank not belonging to the UniCredit Group for contractual and tort liability.

Fin.Part's claim against each of the defendant banks, jointly and severally or alternatively, each to the extent applicable, is for compensation for damages allegedly suffered by Fin.Part and its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (**Cerruti**).

The action contests the legality of the conduct of the defendant banks, acting in concert, during the years 2000 and 2001 for the acquisition of the fashion sector of the Cerruti 1881 Group, by means of a complex financial transaction focused specifically on the issue of a bond for €200 million by a special purpose vehicle in Luxembourg (C Finance S.A.).

The receivership maintains that Fin.Part was not able to absorb the acquisition of Cerruti with its own funds, and that the financial obligations connected with the bond payment brought about the bankruptcy of the company.

Therefore, the receivership is requesting compensation for damages in the amount of €211 million, representing the difference between the liabilities (€341 million) and the assets (€130 million) of the bankruptcy estate, or such other amount as determined by the court. Furthermore, it requests that the defendants return all of the amounts earned in fees, commissions and interest in relation to the fraudulent activities.

On 23 December 2008 the bankruptcy of C Finance S.A. filed its intervention in the case.

The receivership maintains that C Finance S.A. was insolvent at the time of its establishment, due to the issue of the bond and the transfer of proceeds to Fin.Part in exchange for assets with no value, and claims that the banks and their executives that contributed to devising and executing the transaction caused C Finance to be insolvent.

The claimant requested that the defendant banks compensate the receivership for damages as follows: a) the total bankruptcy liabilities (€308.1 million); or, alternatively, b) the amounts disbursed by C Finance S.A. to Fin.Part and Fin.Part International (€193 million); or, alternatively, c) the amount received by UniCredit S.p.A. (€123.4 million).

The banks are also requested to pay damages in respect of the amounts received (equivalent to €123.4 million, plus €1.1 million in fees and commissions) for the alleged invalidity and illegality of the transaction in question and the payment of Fin.Part's debts to UniCredit S.p.A. using the proceeds from the C Finance S.A. bond issue. In addition, the claimant alleges that the transaction was a means for evading Italian law regarding limits and procedures for bond issues.

In January 2009, the judge rejected the writ of attachment for the defendant not belonging to UniCredit Group.

On 9 June 2009, the deed of appearance and reply was submitted for UniCredit S.p.A.

On 5 October 2009 and on 12 January 2010 the parties were convened for settlement proceedings. The settlement proceedings were not successful due to the divergence of the parties' positions.

On 3 June 2010, the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing for the conclusions to 28 June 2011.

In addition, on 2 October 2009, the receivership of Fin.Part subpoenaed UniCredit Corporate Banking S.p.A. (as the successor to the former Credito Italiano) in the Court of Milan in order that (i) the invalidity of the "payment" of €46 million made in September 2001 by Fin.Part to the former Credito Italiano be recognised and consequently, and (ii) the defendant be ordered to return such amount in that it relates to an exposure granted by the bank as part of the complex financial transaction under dispute in the prior proceedings.

UniCredit S.p.A and UniCredit Corporate Banking S.p.A., on the basis, *inter alia*, of the information supplied by their legal counsel, believe the claims are groundless and/or lacking in an evidentiary basis. Consequently, also bearing in mind that the proceedings are in their initial stages, no provisions have been made at present.

Seanox Oil P.T.

In 2004, Seanox Oil P.T., with registered office in Jakarta, made a decision to liquidate (through Branch 26 in Milan of the former Banca di Roma S.p.A.) two certificates of deposit that were apparently issued by UBS for a total amount of USD 500 million (USD 300 million and USD 200 million).

The aforementioned company instituted proceedings against the former Banca di Roma S.p.A., claiming it had suffered unjust loss deriving from the alleged illicit delivery to UBS Bank of Zurich of one of the certificates, that of the certificate having a face value of USD 200 million, which having proved to be false, was withdrawn by UBS Zurich.

Accordingly, the plaintiff requested compensation for damages for the notional value of the certificate of deposit held by UBS, or USD 200 million, equivalent to €158 million.

The defendant bank appeared in court to dispute the reconstruction of events and requested that the petition be wholly rejected in that it is unfounded in law and in fact. Following a number of recent restructuring transactions by the UniCredit Group, the disputed right behind the case was transferred to UniCredit Banca S.p.A.

In the hearing on 18 November 2009, the Bank's legal counsel provided evidence before the court that the certificate at issue had been found to be false in a different legal proceeding. The outcome of the

18 November 2009 hearing was that the Court rejected all of the preliminary evidentiary proceedings and adjourned the hearing to 2 February 2011 for further specification of the allegations.

For this reason, a provision has been made for an amount consistent with the risk of the lawsuit.

Mario Malavolta

In July 2009, Mr. Mario Malavolta, on his own behalf and as legal counsel and director of Malavolta Corporate S.p.A. and its subsidiaries and associates, sued UniCredit S.p.A. for compensation for damages (approximately €135 million) allegedly due to illicit behaviour on the part of UniCredit S.p.A. Furthermore, the petitioner claimed improper application of interest on its current accounts held by the aforementioned company.

UniCredit Corporate Banking S.p.A., which was the Group company responsible for the behaviour alleged by the petitioner to be illicit, subsequently joined the defence of the action as an additional defendant.

The petitioner disputes the conduct by the defendant during the period 2006–2007, maintaining that improper involvement by the bank in the decision-making processes of Malavolta Group companies allegedly prevented the restructuring processes and caused significant financial burden (currently the companies of Malavolta Group are insolvent and subject to bankruptcy proceedings).

Mr. Malavolta claims that the facts and circumstances described above also resulted in significant damages to him in his role as shareholder and director of Malavolta Corporate S.p.A. and its subsidiaries.

As a preliminary defence, UniCredit Corporate Banking S.p.A. has claimed that the plaintiff lacks standing and interest in the matter. On the merits, as a subordinate alternative, it has claimed that the complaints lack grounds, are excessively broad and are not supported by the documents produced on the record.

Mr. Malavolta filed a petition as director of Malavolta Corporate S.p.A. and its subsidiaries and affiliates on 3 February 2010 to join the suit he had commenced in July 2009 and requesting additional compensation, for damages totalling about €445 million. The Bank has filed a brief opposing the petition and contested the claims of the plaintiff.

The receivership of Malavolta Corporate S.p.A. has also filed a petition making the same claims as Mr. Malavolta and filing a motion to dismiss claims brought by the company “represented by M. Malavolta”. The receivership defined his charges against the Bank and limited the amount claimed to €20 million.

The proceedings are at an early stage and no provisions have been made for the time being.

I.CO.PO.DE.SO Srl and Pietro Montanari

The company I.CO.PO.DE.SO Srl and its legal representative Mr. Pietro Montanari, on his behalf, brought suit against UniCredit S.p.A. on 10 February 2010 to obtain compensation in the form of damages in the amount of about €133 million in addition to interest and monetary adjustment.

The next hearing is set for 17 March 2011 before the Court of Rome.

The plaintiffs claim that Cassa di Risparmio di Roma (C.R.R., now UniCredit), by a series of acts and by conduct (between the end of the 1970s and the beginning of the 1980s) allegedly caused the bankruptcy of I.CO.PO.DE.SO Srl, causing the plaintiffs to incur significant damages in the form of material losses and loss of reputation.

The claim is considered by UniCredit to be groundless and without legal basis. Consequently, given that the proceedings are at an early stage, no provisions have been made for the time being.

Valauret S.A.

In 2001, the plaintiffs (Valauret S.A. and Hughes de Lasteyrie du Saillant), bought shares in the French company Rhodia S.A. They maintain that they suffered losses as a result of the drop in Rhodia share prices between 2002 and 2003, allegedly caused by earlier fraudulent actions by members of that company's board of directors, who published financial statements which were allegedly untruthful and misleading.

In 2004, the plaintiffs filed a petition claiming damages against the board of directors, the external auditors, and Aventis S.A. as majority shareholder of Rhodia S.A. Later they extended their claim to other parties, arriving at a total of 14 defendants, the latest being Bank Austria (**BA**), against which a petition was filed at the end of 2007, as successor of Creditanstalt AG (**CA**). The plaintiffs maintain that the latter was involved in the aforementioned alleged fraudulent activities, as it was the credit institution of one of the companies involved in said activities. Valauret S.A. is seeking damages of €129.8 million in addition to legal costs and Hughes de Lasteyrie du Saillant is seeking damages of €4.39 million.

In BA's opinion, the claim relating to the involvement of CA in fraudulent activities is without grounds. In 2006, well before the action was extended to BA, the civil proceedings were suspended following the opening of criminal proceedings lodged by the French public ministries based on the criminal charge against persons unknown brought by the same plaintiffs. In December 2008, the Commercial Court of Paris suspended the civil proceedings against BA.

In relation to these proceedings, no provisions have been made at present.

Treuhandanstalt

BA (formerly Bank Austria Creditanstalt AG) has joined as a party in support of the defendant AKB Privatbank Zürich AG (formerly a subsidiary of BA and formerly Bank Austria (Schweiz) AG) in a suit relating to alleged claims of Bundesanstalt für vereinigungsbedingte Sonderaufgaben (**BvS**) (formerly Treuhandanstalt), the German public body for the new Länder reconstruction.

is the plaintiffs assert that the former subsidiary embezzled funds from companies in the former East Germany. BvS is requesting compensation for damages of approximately €128 million, plus interest dating back to 1992.

On 25 June 2008, the Zurich District Court rejected the request of BvS, with the exception of the claim for the amount of €320,000 that, in the Court's opinion, represents fees and commissions applied in good faith, in accordance with a contract that was no longer valid, by the former subsidiary of BA. Both parties appealed the judgment.

In March 2010, the Court of Appeal of Zurich granted the appeal of the plaintiffs and ordered BA to pay approximately €240 million.

UniCredit filed an appeal against that judgment before the Court of Cassation of the Zurich Canton requesting a stay of execution. On 14 May 2010 the stay of execution was granted. The lawsuit is still pending on the merits.

To provide for possible liabilities arising from this case, a provision has been made for an amount consistent with the risk of the lawsuit.

Association of small shareholders of NAMA d.d. in bankruptcy; Slobodni sindiKat

Zagrebačka was called before the Zagreb Municipal Court by two parties: (i) the association of small shareholders of NAMA d.d. in bankruptcy; and (ii) Slobodni Sindikat.

The parties allege that Zagrebačka violated the rights of NAMA d.d., as minority shareholder of Zagrebačka since 1994. The parties assert, *inter alia*, that Zagrebačka did not distribute to NAMA d.d. profits in the form of Zagrebačka shares.

The plaintiffs asked the Court to sentence Zagrebačka to assign ownership of 44,858 Zagrebačka shares to NAMA d.d. or, alternatively, to pay the equivalent amount in cash, that the plaintiffs estimated at Kuna 897,160,000.00 (approximately €123.7 million) assuming that each share has a value of Kuna 20,000.

Zagrebačka maintains that the plaintiffs do not have legal standing in that they have never been Zagrebačka shareholders, nor the holders of the rights allegedly violated.

Zagrebačka maintains that the alleged violation of rights due to the former minority shareholder NAMA d.d. never occurred. Therefore, Zagrebačka believes that the plaintiffs' claims are groundless, as they have not proven either the existence of the rights or the quantified damages. On 16 November 2003, at the first hearing, the judge rejected the request by the plaintiffs, without dealing with the merit of the litigation, declaring that the plaintiffs did not have the legitimisation to act. The decision has been appealed.

In relation to these proceedings, no provisions have been made.

GBS S.p.A.

At the beginning of February 2008, General Broker Service S.p.A. (**GBS S.p.A.**) initiated arbitration proceedings against UniCredit S.p.A. aiming at declaring the behaviour of Capitalia S.p.A. and subsequently UniCredit S.p.A. illegitimate with regards to the insurance brokerage relationship in effect and allegedly deriving from the exclusive agreement signed in 1991, and furthermore to obtain compensation for damages suffered, originally estimated at €121.7 million, then increased to €197.1 million.

The 1991 agreement, which included an exclusivity right, was signed by GBS S.p.A. and the former Banca Popolare di Pescopagano e Brindisi. The bank, following the 1992 merger with Banca di Lucania, became Banca Mediterranea, which was incorporated in 2000 in Banca di Roma S.p.A., which then became Capitalia S.p.A. (currently UniCredit S.p.A.).

The brokerage relationship with GBS S.p.A., dating back to the 1991 contract, was then governed by (i) an insurance brokerage service agreement signed in 2003 between GBS S.p.A., AON S.p.A. and Capitalia S.p.A., whose validity was extended to May 2007, and (ii) a similar agreement signed in May 2007 between the aforementioned brokers and Capitalia Solutions S.p.A., on its own behalf and as proxy for the banks and in the interest of the companies of the former Capitalia Group, including the holding company.

In July 2007, Capitalia Solutions S.p.A., on behalf of the entire Capitalia Group, exercised its right of withdrawal from the contract in accordance with the terms of the contract (in which it is expressly recognised that, in the event of withdrawal, the banks/companies of the former Capitalia Group should not be obliged to pay the broker any amount for any reason).

At the request of GBS, an expert witness report was ordered, whose results, both in terms of method and calculations, have been disputed by UniCredit S.p.A.

In the decision issued on 18 November 2009, UniCredit S.p.A. was ordered to pay GBS S.p.A. a total amount of €144 million, as well as legal costs and the costs of the expert opinion report. UniCredit S.p.A. determined that the decision ordered by the arbitrator was groundless, and lodged an appeal requesting a stay of execution. Should this petition for a stay of execution be rejected, UniCredit S.p.A. could be required to pay €144 million as well as other expenses, pending the outcome of the appeal. Considering the development of the matter, a provision has been made for an amount consistent with what currently appears to be the potential risk resulting from the arbitral decision.

FinTeam spol s.r.o.

In March 2009, FinTeam spol s.r.o., a Slovakian company, sued UniCredit Bank Slovakia a.s. before a Bratislava Court for transactions involving exchange rates and derivatives (futures transactions and

exchange rate options for Euro/Slovakian Corona) carried out as part of the Master Treasury Agreement signed between FinTeam and UniCredit Bank Slovakia in June 2004.

FinTeam alleges that certain transactions executed between the parties are invalid, in that they were not carried out in compliance with the provisions of the Master Treasury Agreement.

Furthermore FinTeam alleges that it incurred losses due to transactions charged on its account by UniCredit Bank Slovakia in connection with the aforementioned transactions.

Therefore FinTeam requests that the UniCredit Bank Slovakia be ordered to indemnify FinTeam for damages, including loss of profits and legal expenses, allegedly incurred by FinTeam as a result of the alleged breaches of the master agreement made by UniCredit Bank Slovakia and estimates said damages to be equal to €100 million. At present, no evidence has been provided to prove that the damages were suffered and that they amount to €100 million.

UniCredit Bank Slovakia duly filed its statement of defence and objected the lack of capacity of the Court of Bratislava according to the arbitration clause set forth in the Master Treasury Agreement, which requires the parties to submit any dispute to the Permanent Arbitration Tribunal at the Slovakian Bank Association. Nonetheless, since the arbitration clause can be amended by mutual agreement of the parties, UniCredit Bank declared its availability to accept the Court of Bratislava as the competent court.

UniCredit Bank Slovakia considers the requests of FinTeam to be without merit and maintains that it complied with all obligations provided for by the Master Treasury Agreement and duly exercised its rights thereunder.

In the light of the above, UniCredit Bank Slovakia considers the claim and amount claimed to be without basis and has not made any provisions at the time being.

ADDITIONAL RELEVANT INFORMATION

The following section sets out further pending proceedings against UniCredit S.p.A. and other companies of the UniCredit Group that UniCredit considers relevant and for which, at the time being, are not characterised by a quantified or quantifiable economic demand.

Voidance action challenging the transfer of shares of Bank Austria Creditanstalt AG (BA) held by HVB to UniCredit S.p.A. (Shareholders' Resolution of 25 October 2006)

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting of 25 October 2006 approving a Sale and Purchase Agreement (**SPA**) transferring the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to BA and the transfer of the Vilnius and Tallin branches to AS UniCredit Bank Riga, asking the Court to declare these resolutions null and void. In the course of this proceeding, certain shareholders asked the Regional Court of Munich to state that the BCA, entered into between HVB and UniCredit S.p.A. should be regarded as a *de facto* domination agreement.

The shareholders filed a lawsuit contesting alleged deficiencies in the formalities relating to the convocation and conduct of the Extraordinary Shareholders' Meeting held 25 October 2006, and alleging that the sale price for the shares was inadequate.

In the judgment of 31 January 2008, the Court declared the resolutions passed at the Extraordinary Shareholders' Meeting of 25 October 2006 to be null and void for formal reasons. The Court did not express an opinion on the issue of the alleged inadequacy of the purchase price but expressed the opinion that the BCA entered into between UniCredit S.p.A. and HVB should have been submitted to HVB's Shareholders' Meeting as it represented a "concealed" domination agreement.

HVB filed an appeal against this judgment since it is believed that the provisions of the BCA would not actually be material with respect to the purchase and sale agreements submitted to the Extraordinary

Shareholders' Meeting of 25 October 2006, and that the matter concerning valuation parameters would not have affected the purchase and sales agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination agreement, due in part to the fact that it specifically prevents entering into a domination agreement for five years following the purchase offer.

The HVB shareholder resolution could only become null and void when the Court's decision becomes final. In light of the duration of the appeal phase, which is currently underway, as well as the ability to further challenge the second-instance judgment at the German Federal Court of Justice, UniCredit estimates that it will take between three and four years for the final decision to be issued.

Moreover, it should be noted that in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the Shareholders' Meeting held on 29 and 30 July 2008 to reconfirm the resolutions that were passed by the Extraordinary Shareholders' Meeting of 25 October 2006 (so-called Confirmatory Resolutions) and contested. If passed, these resolutions would make the alleged improprieties irrelevant.

The Shareholders' Meeting approved these resolutions, which, however, were in turn challenged by several shareholders in August 2008. In February 2009, an additional resolution was adopted that confirmed that adopted resolutions.

In the judgment of 10 December 2009, the Court rejected the voidance action against the first confirmatory resolutions adopted on 29 and 30 July 2008. Several former shareholders filed an appeal against this judgment. No date has yet been set for the hearing.

In light of the above events, the appeal proceedings initiated by HVB against the judgment of 31 January 2008 were suspended until a final judgment is issued in relation to the confirmatory resolutions adopted by HVB's Shareholders' Meeting of 29 and 30 July 2008.

Squeeze-out of HVB minority shareholders (appraisal proceedings)

Approximately 300 former minority shareholders of HVB filed a request to revise the price obtained in the squeeze-out (appraisal proceedings). The dispute mainly concerns profiles regarding the valuation of HVB. UniCredit S.p.A. submitted its defence briefs on 23 July 2009. The first hearing took place on 25 April 2010. The proceedings are still pending.

Squeeze-out of Bank Austria's minority shareholders

After a settlement was reached on all legal challenges to the transaction in Austria, the resolution passed by the Bank Austria shareholders' meeting approving the squeeze-out of the ordinary shares held by minority shareholders (with the exception of the so-called "golden shareholders") was recorded in the Vienna Business Register on 21 May 2008.

Accordingly, UniCredit S.p.A. became the owner of 99.995 per cent. of the Austrian bank's share capital with the resulting obligation to pay minority shareholders a total amount of €1,045 million, including interest accrued on the squeeze-out, in accordance with local laws.

The minority shareholders received the squeeze-out payment including the related interest.

Several shareholders have initiated proceedings with the Commercial Court of Vienna claiming that the squeeze-out price was inadequate, and asking the Court to review the adequacy of the amount paid (appraisal proceedings).

UniCredit S.p.A. immediately challenged the competency of the Vienna Court. In the judgment of 14 October 2008, the Court maintained its competency in the case, without going into the merits of the matter. UniCredit S.p.A. then contested the decision with the Regional High Court of Vienna. In the judgment of 6 July 2009, the latter Court upheld the ruling that the Commercial Court of Vienna was competent to hear the case. UniCredit S.p.A. filed an extraordinary appeal with the Supreme Court

challenging the decision of the Regional High Court, but, on 12 March 2010, the Supreme Court confirmed the jurisdiction of the Commercial Court of Vienna. Arguments will therefore be heard before the Commercial Court of Vienna.

In addition to the judicial proceeding in front of the Commercial Court of Vienna, a minority shareholder initiated a parallel procedure before an Arbitral Tribunal at the same time. If the outcome is unfavourable for UniCredit S.p.A., a negative impact for the Group cannot be excluded.

Cirio and Parmalat criminal proceedings

Between the end of 2003 and the beginning of 2004, criminal investigations of some former Capitalia Group (now UniCredit Group) officers and managers were conducted in relation to the insolvency of Cirio Group. The trials resulting from these investigations, related to the Group's insolvency, involved the former Capitalia S.p.A. (now UniCredit S.p.A.), one of the lending banks of said group, and resulted in the certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.) being committed to trial.

Cirio S.p.A.'s extraordinary administration and several bondholders joined the criminal judgment as civil complainants without specifying damages claimed. UniCredit S.p.A., also as the universal successor of UniCredit Banca di Roma S.p.A., was cited as legally liable. The proceedings are in the discussion phase.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

With respect to that proceeding, also on the basis of legal opinions, although there is a potential risk of civil liability for UniCredit S.p.A. due in part to the complexity of the facts alleged, it is at present not possible to reliably estimate the contingent liability, due to the lack of relevant elements.

With regard to the state of insolvency of the Parmalat Group, from the end of 2003 to the end of 2005, investigations were also carried out on certain executives and officers of the former Capitalia S.p.A. (now UniCredit S.p.A.), who had been committed for trial within the scope of three distinct criminal proceedings known as "Ciappazzi", "Parmatour" and "Eurolat".

Companies of the Parmalat Group in extraordinary administration and numerous Parmalat bondholders are the plaintiffs in the civil suits in the aforementioned proceedings. All of the civil claimants' lawyers have reserved the right to quantify damages at the conclusion of the first instance trials.

In the "Ciappazzi" and "Parmatour" proceedings, several companies of the UniCredit Group have been cited as legally liable. The proceedings are in the discussion phase.

The officers involved in the proceedings in question maintain that they performed their duties in a legal and proper manner.

Upon execution of the settlement of 1 August 2008 between UniCredit Group and Parmalat S.p.A., and as Parmalat Group companies in extraordinary administration, all civil charges were either waived or revoked.

On 11 June 2010, UniCredit reached an agreement with the Association of Parmalat Bondholders of the Sanpaolo IMI Group (the **Association**) aimed at settling, without any admission of responsibility, the civil claims brought against certain banks of the UniCredit Group by the approximately 32,000 Parmalat bondholders who are members of the Association.

For these proceedings, a provision has been made for an amount consistent with what currently appears to be the potential risk of liability for UniCredit S.p.A.

Lehman

As is widely known, 2008 witnessed periods of considerable instability in financial markets involving all major markets, particularly those in the United States.

Several companies in the Lehman Brothers Group were put into receivership in the countries in which they operated. Specifically, in the U.S., Lehman Brothers Holdings Inc., among others, was put into receivership, while in the Netherlands, Lehman Brothers Treasury Co. BV was put into receivership.

As a result, as at 31 December 2009, a certain number of complaints were received concerning transactions involving financial instruments issued by Lehman Group companies or related to them. A careful review of these complaints is being conducted by the companies that received them. The number of pending cases as at 31 December 2009 is not considered material by the Issuer.

Madoff

In December 2008, Bernard L. Madoff, former chairman of the NASDAQ and owner of Bernard L. Madoff Investment Securities LLC (**BMIS**), an investment company registered with the Securities Exchange Commission (the **SEC**) and the Financial Industry Regulatory Authority (**FINRA**), was arrested on charges of securities fraud for what has been described by U.S. authorities as a Ponzi scheme. In the same month, a bankruptcy administrator (the **SIPA Trustee**) for the BMIS liquidation was appointed in accordance with the U.S. Securities Investor Protection Act of 1970. In March 2009, Bernard L. Madoff was found guilty of several crimes, including securities fraud, investment adviser fraud, and providing false information to the SEC: In June 2009, Bernard L. Madoff was sentenced to 150 years in prison.

Following Bernard L. Madoff's fraud conviction, several criminal and civil suits were filed in various countries against financial institutions and investment advisers by, or on behalf of, investors, intermediaries acting as brokers for investors and public entities in relation to losses incurred.

UniCredit S.p.A., some of its subsidiaries, and some of its employees or former employees were subpoenaed, or may be subpoenaed in the future, in the proceedings and/or investigations of the Madoff case in various countries, including the United States, Austria, and Chile.

As at the date of Bernard L. Madoff's arrest, the Alternative Investments division of Pioneer, a subsidiary of the UniCredit S.p.A. (**PAI**), acted as investment manager and/or investment adviser for some funds that had invested in other funds with accounts at BMIS. Specifically, PAI acted as investment manager and/or investment adviser for the Primeo funds and AllWeather funds. PAI acted as the investment adviser for the Primeo funds from April 2007, after having been sold to BA Worldwide Fund Management (**BAWFM**), an indirect subsidiary of BA. The Primeo and AllWeather invested in other funds, which held accounts managed by BMIS. Certain documents prepared by these funds showed assets managed by UniCredit S.p.A.'s subsidiaries on behalf of fund administrators in the amount of €805 million in November 2008. Based on these documents, the amount includes invested capital and proceeds from the investment. Given Bernard L. Madoff's admission of guilt and the facts that emerged following the fraud committed by BMIS, it is clear that the amounts indicated in the aforementioned documents do not accurately reflect the investments made and the proceeds from these investments. As a result, the above amounts should not be considered indicative of the amount of losses incurred by final investors of the funds involved.

Speculative funds established under Italian law and managed by PAI do not have any exposure to funds that invested in accounts managed by BMIS.

HVB issued various tranches of debt securities whose potential yield was calculated based on the yield of a hypothetical structured investment (synthetic investment) in the Primeo funds. The notional value of the debt securities issued in reference to Primeo funds was €27 million. Some legal proceedings were brought in Germany regarding debt securities issued by HVB and connected to Primeo funds, citing HVB as the defendant.

BAWFM, a subsidiary of BA, acted as investment adviser for Primeo funds until the beginning of April 2007. Some BA customers purchased shares in Primeo funds that were held on their accounts with BA.

UniCredit S.p.A. and its BA and PAI subsidiaries were named among the 50 defendants in three putative class actions suits filed with the United States District Court for the Southern District of New York, in which the petitioners claim to represent the investors of three funds whose assets were invested in BMIS, directly or indirectly. The defendants were accused of having omitted pertinent information from, or including false information in, prospectuses and related appendices used for the securities offering. The petitioners of the class action allege that the investors were misled as to, *inter alia*, the lack of diversification of the investments, on the fact that the funds were invested in BMIS and on the level of due diligence performed by the defendants. Furthermore, the petitioners allege that the defendants did not give adequate attention to "red flags" that were identified and would have made them aware of Bernard L. Madoff's fraud. The three class actions claim compensation for damages with related interest, reimbursement of expenses, costs, legal consultancy fees and the recognition of equitable/injunctive relief. One of the class actions specifically seeks a sentence finding the defendants liable for an amount equivalent to the amount of the initial investments of the collective parties together with interest and proceeds that the parties would have received if their money had been invested wisely. This suit also specifically requests compensation for punitive damages and that the Court prohibits the defendants from using assets of the funds to defend themselves or to indemnify themselves.

In October 2009, the Southern District consolidated the three cases for pretrial purposes. Thereafter, amended consolidated complaints relating to each of three investment fund groups that allegedly invested with BMIS (the "Herald" funds, "Primeo" funds and "Thema" funds) were filed.

The amended "Herald" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Herald Fund SPC-Herald USA Segregated Portfolio One and/or Herald (Lux) on 10 December 2008, or purchased shares in those funds from 12 January 2004, to 10 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit S.p.A., Bank Austria and Bank Medici, among other defendants, breached common law duties and violated U.S. federal securities laws by, *inter alia*, knowingly or recklessly failing to safeguard plaintiff's investment in the face of "red flags" concerning Madoff. Plaintiff seeks unspecified damages, punitive damages, recoupment of fees, benefits or assets unjustly obtained from the putative class, costs and attorneys' fees to be determined at trial, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

The amended "Primeo" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Primeo Select Fund and/or Primeo Executive Fund on 10 December 2008, or purchased shares of those funds from 12 January 2004, to 12 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit S.p.A., Bank Austria, Bank Medici, BA Worldwide, PAI and Pioneer Global Asset Management S.p.A, among other defendants, breached common law duties and violated U.S. federal securities laws by, *inter alia*, misrepresenting the monitoring that would be done of Madoff and plaintiffs' investments and disregarding "red flags" of Madoff's fraud. Plaintiffs seek unspecified damages, recoupment of fees, benefits or assets unjustly obtained from the putative class, interest, punitive damages, costs and attorneys' fees to be determined at trial, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

The amended "Thema" complaint, filed in February 2010, asserts putative class action claims on behalf of investors who owned shares of Thema International Fund plc and/or Thema Fund on 10 December 2008, or purchased shares in those funds from 12 January 2004, to 14 December 2008, and were damaged thereby. The amended complaint alleges that UniCredit S.p.A., BA Worldwide and Bank Medici, among other defendants, violated U.S. federal securities laws and committed common law torts by, *inter alia*, recklessly or knowingly making or failing to prevent untrue statements of material fact and/or failing to exercise due care in connection with plaintiff's investment. The amended complaint further alleges that UniCredit S.p.A., BA Worldwide and Bank Medici were unjustly enriched by the receipt of monies from the putative class. Plaintiff seeks unspecified damages (including profits that the putative class would have earned had their money been invested prudently), interest, punitive

damages, costs and attorneys' fees, as well as an injunction preventing defendants from using fund assets to defend the action or otherwise seeking indemnification from the funds.

These proceedings are in their initial stages. UniCredit S.p.A. and its affiliated defendants intend to defend these proceedings and to assert defences against the Madoff-related claims directed at them.

Proceedings were initiated in Austria related to Bernard L. Madoff's fraud in which BA and BANKPRIVAT AG (a former subsidiary of BA, with which it merged on 29 October 2009), among others, were named as defendants. The parties invested in funds that, in turn, invested directly or indirectly in BMIS. BA is also the subject of proceedings in Austria following the complaint filed by the Supervisory Authority for Austrian financial markets with the Austrian Attorney's Office and complaints filed to said Attorney's Office by private parties that invested in funds which, in turn, invested directly or indirectly in BMIS. The parties that filed said complaints maintain that BA violated the terms of the Austrian Consolidated Investment Act that governs the role of BA as "auditor of the prospectus" of Primeo funds.

Several subsidiaries of UniCredit S.p.A. have received orders and requests to produce information and documents from the SEC, the U.S. Department of Justice and the SIPA Trustee in the United States, the Austrian Supervisory Authority for financial markets, the Irish Supervisory Authority for financial markets and BaFin in Germany related to their respective investigations into Bernard L. Madoff's fraud.

In addition to proceedings stemming from the Madoff case against UniCredit S.p.A., its subsidiaries and some of their respective employees and former employees, additional actions have been threatened and may be filed in the future in said countries or in other countries by private investors or local authorities. The pending or future actions may have negative consequences for the Group.

All pending actions are in the initial phases. UniCredit S.p.A. and its subsidiaries involved intend to defend themselves against the charges regarding the Madoff case by any method available to them.

At the time being it is not possible to reliably estimate the timing and results of the various actions, nor determine the level of responsibility, if any responsibility exists. Presently, in compliance with international accounting standards, no provisions were made for specific risks associated with Madoff disputes.

Medienfonds

Various investors in VIP Medienfonds 4 Gmbh & Co. KG (**Medienfonds**) brought legal proceedings against the subsidiary HVB. The investors in the Medienfonds fund initially enjoyed certain tax benefits which were later prohibited by the tax authorities. HVB did not sell shares in the Medienfonds fund, but granted loans for investment in said fund, to all investors (for a part of the amount invested), by assuming specific repayment obligations in respect of said fund, of which certain film distributors are holders. The plaintiffs argue that HVB was aware that the structure of the fund increased the tax risk associated with the investment, particularly in relation to the possible loss of tax benefits and that it would be responsible, together other parties, for presumed errors in the prospectus used to market the fund. The courts of first instance passed various sentences, certain of which were unfavourable to HVB, but none of these decisions have yet become final. The District High Court of Munich is dealing with the issue relating to prospectus liability through a specific procedure pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz) including that of HVB. HVB and another German bank involved in said proceedings have proposed a settlement. HVB has made provisions which are, at present, deemed to be congruous.

CODACONS Class action

With a petition served on 5 January 2010, CODACONS (*Co-oordination of the associations for the defence of the environment and the protection of consumer rights*), on behalf of one of its applicants, submitted a class action to the Court of Rome against UniCredit Banca di Roma S.p.A. pursuant to article 140-*bis* of the Consumer Code (Legislative Decree no. 206 dated 6 September 2005). This

action, which was brought for an amount of €1,250 (plus unquantified non-material damages), is based on the allegations of AGCM, according to which Italian banks would have paid for the abolition of maximum overdraft commission introducing new and more costly commissions for users. The applicant asked the Court of Rome to allow the action specifying the criteria based on which the parties which intend to adhere are included in the class action and setting fixed terms of not more than 120 days within which the adhesion contracts must be deposited in the court registry. If the Court considers the collective action admissible, the sum requested could significantly increase in relation to the number of adhesions of current account holders of UniCredit Banca di Roma S.p.A. who consider that they have suffered damages as a result of the behaviour at issue. The Bank believes it has operated in compliance with the law.

CORPORATE OBJECTS

The purpose of UniCredit, as set out in Article 4 of its articles of association, is to engage in deposit-taking and lending in its various forms, in Italy and abroad, operating in accordance with prevailing norms and practice, and to execute all permitted transactions and services of a banking and financial nature. In order to achieve its corporate purpose, UniCredit may engage in any activity that is instrumental or in any case related to its banking and financial activities, including the issue of bonds and the acquisition of shareholding in Italy and abroad.

MAJOR SHAREHOLDERS

As at 6 July 2010, according to UniCredit's shareholder register, UniCredit's share capital, fully subscribed and paid-up, amounted to €9,648,790,961.50 and was divided into 19,297,581,923 shares of €0.50 each, including 19,273,342,940 ordinary shares and 24,238,983 savings shares.

As at 6 July 2010, the main shareholders as shown on UniCredit's shareholder register (owning more than 2 per cent. of the share capital) were as follows:

Main Shareholders	Ordinary Shares	%*
Mediobanca S.p.A. – Piazzetta E. Cuccia, 1 – Milan	991,211,860	5.143%
(of which with right of usufruct in favour of UniCredit S.p.A.)	*967,564,061*	*5.020%*
Aabar Luxembourg S.A.R.L.	962,000,000	4.991%
Central Bank of Libya Group	961,421,874	4.988%
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona, Via Forti Achille, 3/A, Verona, Italy	960,640,608	4.984%
BlackRock Inc.	775,638,495	4.024%
Fondazione Cassa di Risparmio di Torino, Via XX Settembre, 31, Torino, Italy	639,734,920	3.319%
Carimonte Holding S.p.A., Via Indipendenza, 11, Bologna, Italy	610,789,621	3.169%
Gruppo Allianz	392,345,349	2.036%

* As a percentage of common capital. UniCredit's by-laws set a limitation on voting rights at 5 per cent. of voting capital.

MATERIAL CONTRACTS

UniCredit has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes or the Guarantee.

MANAGEMENT OF UNICREDIT

Board of Directors

The Board of Directors of UniCredit (the **Board**) is responsible for the ordinary and extraordinary management of UniCredit and the Group. The Board may delegate its powers to a Managing Director.

The Board is elected by UniCredit's shareholders at a General Meeting for a term of three years, unless a shorter duration is designated upon appointment, and Directors may be re-elected following the expiration of their terms. The Board consists of nine to 24 Directors.

The current Board is composed of 23 members. The Board of Directors, as an alternative to the Chief Executive Officer, may appoint a General Manager and one or more Deputy General Managers. In case one General Manager and no Chief Executive Officer have been appointed, the General Manager may be elected Director of the Bank. In such a situation, the Board of Directors shall appoint him Chief Executive Officer (and determine his responsibilities and term of office). The Board has appointed Mr. Alessandro Profumo as Chief Executive Officer including responsibilities as General Manager for the duration of his term in office. It has also appointed Messrs Fiorentino, Ermotti, and Nicastro as Deputy Chief Executive Officers. The following table sets out the name and position of the current members of the Board:

Name	Position
Dieter Rampl [(2)]	Chairman
Luigi Castelletti [(1)]	Deputy Vice Chairman
Farhat Omar Bengdara [(2)]	Vice Chairman
Vincenzo Calandra Buonaura [(1)]	Vice Chairman
Fabrizio Palenzona [(2)]	Vice Chairman
Alessandro Profumo [(3)]	CEO
Giovanni Belluzzi [(1)]	Director
Manfred Bischoff [(1)]	Director
Enrico Tommaso Cucchiani [(3)]	Director
Donato Fontanesi [(1)]	Director
Francesco Giacomin [(1)]	Director
Piero Gnudi [(1)]	Director
Friedrich Kadrnoska (1)	Director
Marianna Li Calzi [(1)]	Director
Salvatore Ligresti [(1)]	Director
Luigi Maramotti [(1)]	Director
Antonio Maria Marocco [(1)]	Director
Carlo Pesenti [(1)]	Director
Lucrezia Reichlin [(1)]	Director
Hans-Jürgen Schinzler [(1)]	Director
Theodor Waigel [(1)]	Director
Anthony Wyand [(1)]	Director
Franz Zwickl [(1)]	Director

(1) Independent Directors pursuant to Section 3 of the Corporate Governance Code issued by Borsa Italiana and Section 148

of the Consolidated Finance Act.

(2) Not Independent Directors pursuant to Section 3 of the Corporate Governance Code.

(3) Not Independent Director pursuant to Section 3 of the Corporate Governance Code and Section 148 of the Consolidated Finance Act.

The business address for each of the foregoing Directors is UniCredit S.p.A., Head Office, Via San Protaso, 3, 20121, Milan, Italy.

Other principal activities performed by the members of the Board which are significant with respect to UniCredit are listed below:

Dieter Rampl:

– Vice Chairman of Mediobanca S.p.A.
– Member of the Board of Directors of A.B.I. – Italian Banking Association
– Chairman of the Supervisory Board of Koenig & Bauer AG
– Member of the Supervisory Board of FC Bayern München AG
– Vice Chairman of I.S.P.I. – Institute for International Political Studies
– Member of the Board of A.I.R.C. – Italian Association for Cancer Research
– Member of the Board of Aspen Institute Italia
– Chairman of the Managing Board of Hypo-Kulturstiftung
– Member of the Board of Directors of ICC International Chamber of Commerce
– Member of the Trilateral Commission – Gruppo Italia
– Independent Director of KKR Chairman of the Audit Committee of Guernsey GP Ltd

Luigi Castelletti:

– Lawyer, specialised in company and bankruptcy law
– Member of the Board of Directors of A.B.I. – Italian Banking Association
– Trustee in bankruptcy, Temporary Receiver and Liquidator in bankruptcy and insolvency proceedings, defence attorney in bankruptcy proceedings and/or arrangements, with direct appointment by the presiding judges on the bankruptcy court

Farhat Omar Bengdara:

– Governor of the Central Bank of Libya
– Head of the Constitutive Committee of the African Investment Bank
– Chairman of the Libyan Fund for Internal Investments and Development
– Chairman of the Arab Banking Corporation – London
– Member of the Board of Trustees of the Lybian Investment Authority
– Member of the Supreme Council for Oil and Gas
– Member of the Board of Trustees of the Fund of Economic and Social Development
– Member of the National Planning Council

Vincenzo Calandra Buonaura:

– Freelance Lawyer
– Member of the Board of Directors of Credito Emiliano S.p.A.
– Member of the Board of Directors of A.B.I. – Italian Banking Association

Fabrizio Palenzona:

– Member of the Board of Directors of Mediobanca S.p.A.
– Chairman of ADR S.p.A.
– Chairman of Assaeroporti – Italian Association of Airport Managers
– Chairman of AVIVA Italia S.p.A.
– Chairman of FAISERVICE SCARL
– Chairman of AISCAT (Italian Association of Toll Motorways and Tunnels Operators)
– Chairman of AISCAT SERVIZI S.r.l.
– Chairman of CONFTRASPORTO

– Chairman of SLALA Foundation
– Member of the Board of Directors of Fondazione Cassa di Risparmio di Alessandria
– Member of the Executive Committee of Giunta degli Industriali di Roma

Alessandro Profumo:

– Chairman of the Supervisory Board of Bank Austria
– Member of the Stockholders' Agreement of Mediobanca S.p.A.
– President of the European Banking Federation – Brussels
– Member of the Board of the International Monetary Conference – Washington
– Member of the Board of Directors and Executive Committee of A.B.I. – Italian Banking Association
– Member of the Board of Directors of the Luigi Bocconi University
– Member of the Board of Directors of the Arnaldo Pomodoro Foundation
– Member of the Management Council of Assonime
– Member of the Board of Directors of Fondazione Cavaliere del Lavoro Ugo Foscolo
– Member of the European Financial Services Round Table – London
– Member of the Steering Committee of The Group of Thirty – New York
– Member of the Institut International d'Etudes Bancaires – Brussels
– Member of the Advisory Board of the World Economic Forum – Zurich

Giovanni Belluzzi:

– Member of the Board of Directors of AeB Energie S.r.l.
– Member of the Board of Directors of AIMAG S.p.A.
– Member of the Board of Directors of AREL S.r.l.
– Member of the Board of Directors of AS Retigas S.r.l.
– Member of the Board of Directors of Giovanni Carocci Editore S.p.A.
– Member of the Board of Statutory Auditors of Amazzonia 90
– Member of the Board of Statutory Auditors of Banca Emilvenenta S.p.A.
– Member of the Board of Statutory Auditors of Centro Editoriale Dehoniano S.p.A.
– Member of the Board of Statutory Auditors of CER Consorzio Emiliano Romagnolo a r.l.
– Member of the Board of Statutory Auditors of Consorzio per l'Editoria Cattolica
– Member of the Board of Statutory Auditors of Dehoniana Libri S.p.A.
– Member of the Board of Statutory Auditors of ENI Trading & Shipping S.p.A.
– Member of the Board of Statutory Auditors of Farmacie Comunali di Modena S.p.A.
– Member of the Board of Statutory Auditors of Fondazione San Carlo
– Member of the Board of Statutory Auditors of Fondo GIBA
– Member of the Board of Statutory Auditors of Franco Panini Scuola S.p.A.
– Member of the Board of Statutory Auditors of Luisa Spagnoli S.p.A.
– Member of the Board of Statutory Auditors of Mar Plast S.p.A.
– Member of the Board of Statutory Auditors of Raffineria di Gela S.p.A.
– Member of the Board of Statutory Auditors of Salumificio Ferrari Erio S.p.A.
– Member of the Board of Statutory Auditors of SIRIA S.p.A.
– Member of the Board of Statutory Auditors of SPAIM S.r.l.
– Member of the Board of Statutory Auditors of SPAMA S.r.l.
– Member of the Board of Statutory Auditors of SPAPI S.r.l.
– Member of the Board of Statutory Auditors of Trans Tunisian Pipeline Co. Ltd

Manfred Bischoff:

– Chairman of the Supervisory Board of DaimlerAG
– Member of the Supervisory Board of Fraport AG
– Member of the Supervisory Board of Royal KPN N.V.
– Chairman of the Supervisory Board of SMS GmbH
– Chairman of the Supervisory Board of Voith AG

Enrico Tommaso Cucchiani:

– Member of the Management Board of Allianz SE
– Chairman of Allianz S.p.A.
– Chairman of Acif S.p.A.
– Chairman of Acif 2 S.p.A.
– Member of the Board of Directors of Lloyd Adriatico Holding S.p.A.
– Chairman of AGF Ras Holding BV
– Member of the Board of Directors of Allianz Companhia de Seguros Portugal SA
– Vice Chairman of Allianz Sigorta P&C
– Vice Chairman of Allianz Hayat ve Emklilik AS
– Vice Chairman of Allianz Compania de Seguros Spain, SA
– Vice Chairman of Allianz Hellas Insurance Company SA
– Member of the Board of Directors of Allianz Holding France SAS
– Member of the Board of Directors Pirelli & C. S.p.A.
– Member of the Board of Directors Illycaffè S.p.A.
– Member of the Board of Directors Editoriale FVG S.p.A. (L'Espresso Editorial Group)
– Chairman of MIB School of Management
– Member of the Advisory Council of the Stanford University, Palo Alto, California
– Member of The Trilateral Commission, Italy
– Member of the Board of Directors Aspen Institute Italy
– US – Italy Council – Member of the Executive Committee
– Member of the Board of Directors ISPI (Institute for Studies of International Politics)
– Chairman of ISPI – Foro Dialogo Italo-Tedesco, Sezione Italiana
– Lifetime Director of Istituto Javotte Bocconi
– Member of the Bocconi International Advisory Council
– Member of the Board of Directors Associazione di Civita
– Member of the Advisory Board of Intercultura
– Member of the Executive Committee of ANIA
– Member of the Managing Committee of Federazione ABI ANIA

Donato Fontanesi:

– Chairman of the Coopsette Foundation
– Member of the Management of Coopsette

Francesco Giacomin:

– Chairman of the Fornace per l'innovazione Foundation
– Vice Chairman of Naonis Energia S.r.l.
– Chairman of Industrial Park Sofia AD
– Chairman of IES.Co doo – Pola
– Chairman of Danubio Real Estate Management
– Managing Director of IES Co. S.r.l.
– Member of the Board of Directors of A.B.I. – Italian Banking Association
– Member of Commissione Amministratrice Fondo di Previdenza G. Caccianiga
– Contract Professor at the University of Trieste
– Partner of Partimest S.r.l.

Piero Gnudi:

– Chairman of the Board of Directors of ENEL S.p.A.
– Chairman of ENEL DISTRIBUZIONE S.p.A.
– Chairman of the Board of Directors of Emittenti Titoli S.p.A.
– Member of the Board of Directors of Alfa Wassermann S.p.A.
– Member of the Board of Directors of D & C Compagnia di Importazione prodotti Alimentari, Dolciari, Vini e Liquori S.p.A.
– Member of the Board of Directors of Galotti S.p.A.
– Chairman of the Board of Auditors of Marino Golinelli & C. S.a.p.a.
– Vice Chairman of Consorzio Alma
– Member of the Board of Directors of ACB Group S.p.A.
– Member of the Board of Directors of Ferrero, Gnudi, Guatri, Uckmar
– Chairman of ENEL Cuore Onlus
– Partner of Simbuleia S.p.A
– Partner of Fingi S.r.l.
– Partner of Castiglione Consulting S.r.l.

Friedrich Kadrnoska:

– Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten
– Chairman of the Supervisory Board of Wienerberger AG
– Chairman of the Supervisory Board of CEESEG AG
– Chairman of the Supervisory Board of Wiener Börse AG (100 per cent. CEESEG AG)
– Chairman of the Supervisory Board of Österreichisches Verkehrsbüro AG (62 per cent. AVZ-Group)
– Chairman of the Supervisory Board of Allgemeine Baugesellschaft – A. Porr AG
– Member of the Supervisory Board of card complete Service Bank AG
– Member of the Board of Directors of conwert Immobilieninvest SE
– Member of the Board of Directors of Wiener Privatbank SE

Marianna Li Calzi:

– Freelance Lawyer
– Member of the Commissione per il Futuro di Roma Capitale

Salvatore Ligresti:

– Honorary Chairman of Fondiaria-SAI S.p.A.
– Honorary Chairman of Milano Assicurazioni S.p.A.
– Honorary Chairman of Immobiliare Lombarda S.p.A.
– Honorary Chairman of Premafin Finanziaria S.p.A. – Holding di Partecipazioni
– Member of the Board of Fondazione Cerba
– Honorary Chairman of Fondazione Fondiaria-SAI
– Chairman of Fondazione Gioacchino e Jone Ligresti
– Partner of Starlife S.A.
– Partner of Invest S.A.
– Partner of Hike Securities S.A.
– Partner of Canoe Securities S.A.
– Partner of Nautica Sport S.p.A.
– Partner of Gestimarket S.p.A.
– Partner of Sinergia Holding di Partecipazioni S.p.A.

Luigi Maramotti:

– Chairman of Max Mara S.r.l.
– Vice Chairman of Max Mara Fashion Group S.r.l.
– Vice Chairman of Credito Emiliano S.p.A.
– Vice Chairman of Credito Emiliano Holding S.p.A.
– Member of the Board of Directors of COFIMAR S.r.l.
– Vice Chairman of Max Mara Finance S.r.l.
– Chairman of Diffusione Tessile S.r.l.
– Sole Director of Dartora S.r.l.
– Chairman of Fintorlonia S.p.A.
– Chairman of Imax S.r.l.
– Chairman of Istituto Immobiliare Italiano del Nord S.p.A.
– Vice Chairman of Manifatture del Nord S.r.l.
– Vice Chairman of Marella S.r.l.
– Vice Chairman of Marina Rinaldi S.r.l.
– Chairman of Maxima S.r.l.
– Chairman of Finca y Comercio de Gratia S.A.
– Chairman of International Fashion Trading S.A.
– Member of the Board of Directors of Max Mara S.a.S.
– Member of the Board of Directors of Max Mara Japan Ltd.
– Chairman of Max Mara Hosiery S.r.l.
– Chairman of Max Mara USA Inc.
– Chairman of Max Mara USA Retail Inc.
– Member of the Board of Directors of Madonna dell'Uliveto Soc. Coop.
– Chairman of Unity R.E. S.p.A.
– Partner of Cams S.r.l.

Antonio Maria Marocco:

– Lawyer
– Member of the Board of Directors of Reale Mutua di Assicurazioni S.p.A.
– Member of the Board of Directors of Reale Immobili S.p.A.

Carlo Pesenti:

– General Manager, Member of the Board of Directors and Member of the Executive Committee of Italmobiliare S.p.A.
– Independent Director of Ambienta Sgr
– Managing Director and Member of the Executive Committee of Italcementi S.p.A.
– Member of the Board of Directors of Mediobanca S.p.A.
– Member of the Board of Directors and of the Executive Committee of RCS Media Group S.p.A.
– Vice Chairman of Ciments Français S.A.

Lucrezia Reichlin:

– Full Professor of Department of Economics, London Business School
– Member of the Scientific Board of over ten international institutions, including universities and banks; various editorial activities on international journals; member of the assessment panel of research projects on social sciences financed by the European Union (ERC)

Hans-Jürgen Schinzler:

– Chairman of the Supervisory Board of Munich Reinsurance Company
– Member of the Supervisory Board of Metro AG
– Chairman of the Board of Trustees of Münchener Rück Stiftung
– Chairman of Wittelsbacher Ausgleichsfonds
– Treasurer and Member of the Senate of Max-Planck-Gesellschaft zur Förderung der Wissenschaften e.V.
– Member of the Board of Trustees of Deutsche Telekom Stiftung
– Member of the Board of Freundeskreis des Bayerischen Nationalmuseums e.V.
– Member of the Board of Trustees of Gemeinnützige Hertie-Stiftung
– Member of the Board of Trustees of Hypo-Kulturstiftung
– Member of the Board of Trustees for the State of Bavaria of Stifterverband für die Deutsche Wissenschaft
– Member of the Board of Trustees of Stiftung Demoskopie Allensbach
– Member of the Board of Trustees of Stiftung Pinakothek der Moderne
– Member of the Board of Trustees of Jürgen Ponto-Stiftung

Theodor Waigel:

– Lawyer in the office of GSK Stockmann & Kollegen – Munich Germany
– Member of the Supervisory Board of Aachen/Münchener Versicherung AG
– Member of the Supervisory Board of Aachen/Münchener Lebenversicherung AG
– Member of the Supervisory Board of Deutsche Vermögensberatung AG
– Chairman of the Supervisory Board of NMS Lowen Entertainment GmbH
– Member of the Supervisory Board of AGCO Fendt GmbH
– Member of the Supervisory Board of Bayerische Gewerbebau AG
– Member of the European Advisory Board of Eli Lilly and Company, Lilly Corporate Center, Indianapolis
– Member of General Council of Assicurazioni Generali S.p.A.
– Member of the Advisory Board of EnBW Energie Baden Württemberg AG
– Member of the Advisory Board of Deutscher Vermögensberatung AG
– Member of the Advisory Board of LexisNexis Deutschland GmbH Münster

Anthony Wyand:

– Member of the Board of Directors of AVIVA France
– Member of the Board of Directors of Société Foncière Lyonnaise SA
– Vice Chairman of Société Générale

Franz Zwickl:

– Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten
– Chairman of the Board of Directors of Wiener Privatbank SE
– Member of the Supervisory Board of Oesterreichische Kontrollbank AG
– Member of the Supervisory Board of Österreichische Verkehrsbüro AG
– Member of the Supervisory Board of Card Complete Service Bank AG
– Member of the Board of Directors of conwert Immobilien Invest SE
– Member of the Executive Board of Mischek Privatstiftung
– Member of the Executive Board of Österreichische Gewrkschaftliche Solidarität Privatstiftung
– Member of the Executive Board of Venus Privatstiftung
– Member of the Executive Board of Wiener Wissenchafts- und Tecnologiefonds
– Executive of AVZ GmbH (A&B Banken-Holding GmbH)
– Executive of AVZ Finanz Holding GmbH (A&B Beteilugungsverwaltung drei GmbH)
– Executive of AVZ Holding GmbH (AVZ Holding drei GmbH)
– Executive of LVBG Luftverkehrsbeteiligungs GmbH
– Executive of AV-Z Kapitalgesellschaft mbH, BRD

Senior Management

The Board appoints the top executives who are responsible for managing the day-to-day operations, as directed by the Chief Executive Officer. The senior management of UniCredit is set out below.

Name	Position
Alessandro Profumo	Chief Executive Officer
Sergio Ermotti	Deputy CEO – Head of CIB & PB SBA
Paolo Fiorentino	Deputy CEO – Head of GBS SBA
Roberto Nicastro	Deputy CEO – Head of Retail SBA
Nadine Faruque	Head of Legal and Compliance
Federico Ghizzoni	Head of CEE Divisionalisation Program
Karl Guha	Chief Risk Officer
Marina Natale	Chief Financial Officer
Rino Piazzolla	Head of Human Resources

The business address for each of the foregoing members of senior management is UniCredit S.p.A., Piazza Cordusio, 20123 Milan, Italy.

Board of Statutory Auditors

The board of statutory auditors (the **Board of Statutory Auditors**) must monitor the management of UniCredit and its compliance with laws, regulations and by-laws, assess and monitor the adequacy of the company's organisation, internal controls, administrative and accounting systems and disclosure procedures, and must report any irregularities to Consob, the Bank of Italy and the shareholders' meeting called to approve the company's financial statements.

The Board of Statutory Auditors is appointed by UniCredit's shareholders at a general meeting for a term of three years and members may be re-elected under UniCredit's by-laws. The Board of Statutory Auditors consists of five statutory auditors, including a chairman of the Board of Statutory Auditors, and two alternate statutory auditors.

The current members of the Board of Statutory Auditors of UniCredit will hold office until the annual general meeting of UniCredit's shareholders called to approve UniCredit's financial statements for the fiscal year ending 31 December 2012. The following table sets out the name, age, position and year of appointment of the current members of the Board of Statutory Auditors of UniCredit.

Name	Position	Year of appointment
Maurizio Lauri	Chairman	2010
Cesare Bisoni	Statutory Auditor	2010
Vincenzo Nicastro	Statutory Auditor	2010
Michele Rutigliano	Statutory Auditor	2010
Marco Ventoruzzo	Statutory Auditor	2010
Paolo Domenico Sfameni	Alternate	2010
Massimo Livatino	Alternate	2010

Other principal activities performed by the Statutory Auditors which are significant with respect to UniCredit are listed below:

Maurizio Lauri:

– Statutory Auditor of the Agenzia delle Entrate (Italian Revenue Service)
– Member of the Board of Auditors for the supervision of the political parties' financial statements – XV legislature
– Professor at LUISS Business School
– Statutory Auditor of Sicurglobal S.p.A.
– Alternate Statutory Auditor of Telecom Italia S.p.A.
– Alternate Statutory Auditor of Banca Finnat S.p.A.
– Chairman of the Board of Statutory Auditors of Tirreno Power S.p.A.
– Statutory Auditor of Acea Distribuzione S.p.A.
– Statutory Auditor of Cosmic Blue Team S.p.A.
– Chairman of the Board of Statutory Auditors of Acea Reti e Servizi Energetici S.p.A.
– Chairman of the Board of Statutory Auditors of Roselectra S.p.A.
– Auditor of the American Academy of Rome
– Member of the Directive Council of NedCommunity
– Member of the Study Group on the Corporate Governance of ANDAF
– Member of the Commission for the redaction of the rules of conduct of the Board of Statutory Auditors of the National Council of the Chartered Accountants and Accounting Experts in Italy

Cesare Bisoni:

– Member of the Board of Auditors of Fondazione Universitaria Marco Biagi
– Alternate Auditor of Modena Formazione
– Member of the Board of Directors of Profingest
– Chairman of the FIGC Supervisory Commission on Professional Football Teams and Chairman of First Instance UEFA Licensing Committee

Vincenzo Nicastro:

– Chairman of the Supervisory Committee Filati Bertrand in A.s.
– Extraordinary Commissioner of Carrozzeria Bertone S.p.A. in A.s.
– Director of Industria ed Innovazione S.p.A.
– Director of Reno de Medici S.p.A.
– Chairman of the Board of Directors of Red.IM S.r.l.
– Chairman of the Board of Statutory Auditors of Chia Hotels & Resorts S.p.A.
– Statutory Auditor of Cosud S.r.l.
– Chairman of the Board of Statutory Auditors of Credit Agricole Private Equity Italia SGR S.p.A.

Michele Rutigliano:

– Full Professor of Banking and Finance, University of Verona
– Professor at SDA – Bocconi
– Chairman of the Board of Statutory Auditors of Digital Bros S.p.A.
– Statutory Auditor of Alerion Clean Power

Marco Ventoruzzo:

– Statutory Auditor of Kairos Partners SGR

Compensation

In the year ended 31 December 2009, the aggregate compensation paid to key management personnel (including the Board of Directors) was approximately €71.5 million.

CONFLICTS OF INTEREST

At the date of this Prospectus, to the knowledge of UniCredit, no senior manager nor member of the Board of Directors or Board of Statutory Auditors has interests that conflict with the duties arising from the position held within UniCredit or the Group, except those that may concern operations put before

the relevant bodies of UniCredit and/or companies in the UniCredit Group, in full compliance with existing regulations. Members of the administrative, managerial and supervisory bodies of UniCredit must comply with the following rules aimed at regulating instances where there exists a specific interest concerning the completion of an operation:

– Article 136 of the Consolidated Banking Act imposes a particular authorisation procedure (a unanimous decision by the administrative body and the favourable vote of all members of the control body, as well as, where applicable, the agreement of the parent company) should a bank or company belonging to a banking group contract obligations of any kind or enter, directly or indirectly, into purchase or sale agreements with the relevant company officers, or should another company or bank from the same banking group contract loans with officers from the same banking group. The same provisions also apply to obligations with companies controlled by the aforementioned officers or at which such persons carry out administrative, managerial or control functions, as well as with subsidiaries or parents of these companies. The interested party is not permitted to vote;

– Article 2391 of the Italian Civil Code obliges directors to notify fellow directors and the Board of Statutory Auditors of any interest that they may have, on their own behalf or on behalf of a third party, in a specific company transaction, with the director unable to carry out this transaction if he is also the CEO; and

– Article 2391-bis of the Italian Civil Code and Article 9 of the Corporate Governance Code stipulate that companies approaching the risk capital market adopt particular procedures to ensure the transparency and substantial and procedural fairness of operations with related parties. In respect of these rules and in compliance with international accounting standards, the UniCredit Board of Directors has adopted an internal procedure through which the operations with related parties are notified to the UniCredit Board of Directors and Board of Statutory Auditors according to specific criteria, methods and deadlines.

For information on related-party transactions, please see Part H of the Notes to the Consolidated Accounts of UniCredit S.p.A. as at 31 December 2009, incorporated by reference herein.

EXTERNAL AUDITORS

UniCredit's annual financial statements must be audited by external auditors appointed by its shareholders, under reasoned proposal by UniCredit's Board of Statutory Auditors. The shareholders' resolution and the Board of Statutory Auditors' reasoned proposal are communicated to Consob. The external auditors examine UniCredit's annual financial statements and issue an opinion regarding whether its annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation; which is to say whether they are clearly stated and give a true and fair view of the financial position and results of the Group. Their opinion is made available to UniCredit's shareholders prior to the annual general shareholders' meeting.

Since 2007, following a modification of Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**), listed companies may not appoint the same auditors for more than nine years. At the annual general shareholders' meeting of UniCredit held on 4 May 2004, KPMG S.p.A. (**KPMG**) was appointed to act as UniCredit's external auditor for a period of three years and during the general shareholders' meeting of UniCredit held on 10 May 2007 KPMG's engagement was extended for a further six years, to complete the nine-year period allowed by the Financial Services Act.

UniCredit's external auditor KPMG S.p.A. is registered on the roll of chartered accountants held by the Ministry of Justice and in the register of Auditing Firms held by CONSOB.

REGULATORY CAPITAL

In compliance with Bank of Italy regulations, UniCredit calculates and reports its capital adequacy on a consolidated and solo basis. From 2008, in order to determine the minimum level of regulatory

capital, which is calculated by assessing different risks, UniCredit has applied the Advanced Internal Ratings Based Approach (IRB) to calculate its exposure to credit risk and the Advanced Measurements Approach (AMA) to calculate its exposure to operational risks, and it adopts a method based on internal models for the calculation of capital requirements connected to market risk resulting from trading activities. In addition, in order to comply with regulatory requirements UniCredit further developed and validated its ratings and tools for calculating scores for the assessment of credit risk and IT tools to support rating and lending procedures. UniCredit also developed, in order to comply with Basel II Second Pillar, methodologies aimed at verifying capital adequacy,

The risk based capital ratios (Capital Ratios) compare core (Tier I) and supplemental (Tier II) capital requirements to the bank's assets and certain off-balance sheet items, weighted according to risks (Risk-Weighted Assets).

In accordance with Bank of Italy regulations, UniCredit is required to maintain a total capital adequacy ratio of at least 8 per cent., on a consolidated basis, having calculated the various risks to which it is exposed. The following table shows the Banking Group UniCredit Tier I and Tier II capital levels and the relative ratios as at 31 December 2009 and 2008.

	As at		
(Euro thousands)	**31 March 2010**	**31 December 2009**	**31 December 2008**
Tier I Capital.....	42,854,494	39,033,947	34,842,625
Tier II Capital.....	16,578,478	16,501,148	20,178,262
Deductions	(1,174,129)	(1,163,273)	(1,067,940)
Total Capital	58,258,843	54,371,822	54,544,441
Tier I Ratio (Tier I Capital to total Risk-Weighted Assets).....	9.40%	8.63%	6.80%
Total Capital Ratio (Own Funds to total Risk-Weighted Assets).....	12.78%	12.02%	10.64%

SUMMARY FINANCIAL INFORMATION OF UNICREDIT

Set out below is summary financial information of UniCredit, derived from the audited consolidated financial statements of UniCredit as at and for the years ended 31 December 2008 and 2009 (prepared in accordance with IFRS/IAS), which have been audited by KPMG S.p.A. Such financial statements, together with the audit reports of KPMG S.p.A. and the accompanying notes, are incorporated by reference into this Prospectus. The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements, reports and the notes thereto. See "*Documents Incorporated by Reference*".

UNICREDIT CONSOLIDATED BALANCE SHEET

(*Euro thousands*)	As at 31 December	
	2009	**2008**
	(Audited)	
Balance sheet – Assets		
Cash and cash balances	11,986,797	7,652,446
Financial assets held for trading	133,894,101	204,889,888
Financial assets at fair value through profit or loss	15,019,685	15,635,822
Available for sale financial assets	34,723,955	28,700,290
Held-to-maturity investments	10,662,472	16,882,450
Loans and receivables with banks	78,269,437	80,826,952
Loans and receivables with customers	564,986,015	612,480,413
Hedging derivatives	11,662,110	7,050,815
Changes in fair value of portfolio hedged items (+/–)	2,123,451	1,659,560
Investments in associates and joint ventures	3,866,437	4,003,082
Insurance reserves attributable to reinsurers	195	234
Property, plant and equipment	12,089,351	11,935,451
Intangible assets	25,822,597	26,481,917
of which – goodwill	*20,490,534*	20,888,714
Tax assets	12,577,082	12,391,879
(a) current tax assets	*2,415,786*	*1,927,915*
(b) deferred tax assets	*10,161,296*	*10,463,964*
Non-current assets and disposal groups classified as held for sale	622,297	1,030,338
Other assets	10,453,689	13,990,012
Total assets	**928,759,671**	**1,045,611,549**
Balance sheet – Liabilities		
Deposits from banks	106,800,152	177,676,704
Deposits from customers	381,623,290	388,830,766
Debt securities in issue	214,772,877	202,458,800
Financial liabilities held for trading	114,045,215	165,335,178
Financial liabilities at fair value through profit or loss	1,612,475	1,659,144
Hedging derivatives	9,918,947	7,751,270
Changes in fair value of portfolio hedged items (+/–)	2,759,960	1,572,065
Tax liabilities	6,451,072	8,229,156
(a) current tax liabilities	*1,987,780*	*2,827,262*
(b) deferred tax liabilities	*4,463,292*	*5,401,894*
Liabilities included in disposal groups classified as held for sale	311,315	536,729
Other liabilities	18,110,367	23,701,333
Provision for employee severance pay	1,317,523	1,415,023
Provisions for risks and charges	7,982,431	8,048,556
(a) post-retirement benefit obligations	*4,590,628*	*4,553,022*
(b) other provisions	*3,391,803*	*3,495,534*

(*Euro thousands*)	As at 31 December 2009	2008
	(Audited)	
Insurance reserves	162,135	156,433
Revaluation reserves	(1,249,514)	(1,740,435)
Reserves	14,271,165	11,978,805
Share premium	36,581,540	34,070,282
Issued capital	8,389,870	6,684,287
Treasury shares (–)	(5,714)	(5,993)
Minorities (+/–)	3,202,240	3,241,658
Net Profit or Loss (+/–)	1,702,325	4,011,788
Total liabilities and shareholders' equity	**928,759,671**	**1,045,611,549**

Note:

Figures as at December 2008 are different from those published due to the reclassification of exchange rate differences on net foreign investments (subsidiaries, associate companies of joint ventures) from item 170. "Reserves" to Item 140. "Revaluation reserves".

UNICREDIT CONSOLIDATED INCOME STATEMENT

(*Euro thousands*)	As at 31 December	
	2009	**2008**
	(Audited)	
Interest income and similar revenues	34,745,987	54,112,514
Interest expense and similar charges	(17,712,471)	(36,068,639)
Net interest margin	**17,033,516**	**18,043,875**
Fee and commission income	9,548,478	11,124,905
Fee and commission expense	(1,767,925)	(2,032,201)
Net fees and commissions	**7,780,553**	**9,092,704**
Dividend income and similar revenue	573,644	1,665,940
Gains and losses on financial assets and liabilities held for trading	1,282,864	(2,522,142)
Fair value adjustments in hedge accounting	23,761	16,685
Gains and losses on disposal of	**411,490**	**198,135**
(a) loans	*81,483*	*(6,737)*
(b) available-for-sale financial assets	*194,845*	*169,603*
(c) held-to-maturity investments	*6,325*	*(236)*
(d) financial liabilities	*128,837*	*35,505*
Gains and losses on financial assets/liabilities at fair value through profit or loss	(31,391)	(349,957)
Operating income	**27,074,437**	**26,145,240**
Impairment losses on:	(8,933,716)	(4,666,603)
(a) loans	*(8,152,152)*	*(3,581,953)*
(b) available-for-sale financial assets	*(629,592)*	*(904,370)*
(c) held-to-maturity invesctments	*(6,497)*	*(76,593)*
(d) other financial assets	*(145,475)*	*(103,687)*
Net profit from financial activities	**18,140,721**	**21,478,637**
Premiums earned (net)	87,352	111,745
Other income (net) from insurance activities	(80,025)	(86,187)
Net profit from financial and insurance activities	**18,148,048**	**21,504,195**
Administrative costs:	**(14,760,930)**	**(16,084,024)**
(a) staff expense	*(9,344,481)*	*(10,025,362)*
(b) other administrative expense	*(5,416,449)*	*(6,058,662)*
Provisions for risks and charges	(606,817)	(254,425)
Impairment/write-backs on property, plant and equipment	(866,912)	(818,577)
Impairment/write-backs on intangible assets	(651,104)	(714,554)
Other net operating income	841,143	995,232
Operating costs	**(16,044,620)**	**(16,876,348)**
Profit (loss) of associates	84,005	415,912
Gains and losses on tangible and intangible assets measured at fair value	(38,491)	(84,302)
Impairment of goodwill	–	(750,000)
Gains and losses on disposal of investments	773,985	785,279
Total profit or loss before tax from continuing operations	2,922,927	4,994,736
Tax expense (income) related to profit or loss from continuing operations	**(888,307)**	**(465,434)**
Total profit or loss after tax from continuing operations	2,034,620	4,529,302
Total profit or loss after tax from discontinued operations	–	–
Net Profit or Loss for the year	**2,034,620**	**4,529,302**
Minorities	(332,295)	(517,514)
Net Profit or Loss attributable to the Parent Company	**1,702,325**	**4,011,788**
Earnings per share (€)	0.099	0.256
Diluted earnings per share (€)	0.099	0.256

Notes:

In respect of the calculation of "Earnings Per Share", the main data used are given below (see also the Notes to the Consolidated Accounts – Part C, Consolidated Income Statement, Section 24).

€131,078,000 was deducted from 2009 net profit of €1,702,325,000 due to disbursements charged to equity made in connection with the contract of usufruct on treasury shares agreed under the 'cashes' transaction.

The number of outstanding shares is net of the average number of treasury shares (and, only for 2009, of further 967,564,061 shares held under a contract of usufruct) and increased by the number of new shares issued as a consequence of the bonus issue approved by the Extraordinary Shareholders' Meeting on 29 April 2009, pursuant to Section 2442 of the Italian Civil Code. Following the bonus issue, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented (IAS 33 §28).

TAXATION

The statements herein regarding taxation are based on the laws in force in Italy and Luxembourg as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

ITALIAN TAXATION

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree No. 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 resident banks.

The Italian tax authorities have clarified (Revenue Agency Circular No. 4/E of 18 January 2006) that bonds may have a maturity which is not scheduled at a specific date, but it is linked to the maturity of issuing company or to the liquidation thereof, if the company has been set -up with an undetermined maturity pursuant to Article 2328 (2), No. 13 of the Italian Civil Code.

Where the Notes have an original maturity of at least 18 months and 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 "—*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, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.50 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 IRAP – the regional tax on productive activities).

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, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of interest 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, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax 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 (the **Fund**) or a SICAV, and the 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 results of the Fund accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a 12.50 per cent. rate.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and 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, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country allows a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is incorporated in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 12.5 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 which are resident, for tax purposes, in countries which do not allow a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and must (i) 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 (ii) 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 or in the 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 12 December 2001.

Early Redemption

Without prejudice to the above provisions, in the event that Notes having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, the Issuer will be required to pay a tax equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. Such payment will be made by the issuer and will not affect the amounts to be received by the Noteholder by the way of interest or other amounts, if any, under the Notes.

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 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 individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, 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 12.50 per cent. Noteholders may set off losses with gains.

In respect of the application of the *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 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 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 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 of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident 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; and (b) an express election for the *risparmio amministrato* regime being punctually 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 its 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 12.50 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 its annual tax return.

Any capital gains realised by a Noteholder which is an Italian open-ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.50 per cent. substitute tax.

Any capital gains realised by a Noteholder which 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 from the sale or redemption of Notes traded on regulated markets are not subject to the *imposta sostitutiva*.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (i) is resident for income tax purposes in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) 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 a taxpayer in its own country of residence.

If none of the conditions above are 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 12.5 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000;

(b) 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 applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and

(c) 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.

Transfer Tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (a) public deeds and notarised deeds are subject to fixed registration tax at a rate of €168; (b) private deeds are subject to registration tax only in the case of use or voluntary registration.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **EU Savings Directive**), 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 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 agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (the **Decree No. 84**). Under Decree No. 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 not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

LUXEMBOURG TAXATION

Withholding Tax

(i) ***Non-resident holders of Notes***

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to nonresident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

(ii) ***Resident holders of Notes***

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium

or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

SUBSCRIPTION AND SALE

Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities Ltd. and UniCredit Bank AG (the **Joint Lead Managers**) have, pursuant to a subscription agreement relating to the Notes (the **Subscription Agreement**) dated 20 July 2010 and made between the Issuer and the Joint Lead Managers, agreed to subscribe for the Notes at the issue price of 100 per cent. of their principal amount. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of the expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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

Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Joint Lead Managers has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services**

Act) and article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

General

No action has been taken by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisations

The issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 9 February 2010.

Approval, Listing and Admission to Trading

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0527624059 and the Common Code is 052762405.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg, is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No Significant Change and No Material Adverse Change

Save as otherwise disclosed in this Prospectus under the section "*Description of the Issuer – Recent Developments*" above, there has been no significant change in the financial or trading position of the Issuer since 31 March 2010, and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2009.

Litigation

Save as disclosed in this Prospectus, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The independent auditors of UniCredit are KPMG S.p.A., Via Vittor Pisani 25, 20124 Milano, Italy, who have audited the annual consolidated financial statements as at and for the financial years ended 31 December 2008 and 2009, without qualification, in accordance with auditing standards recommended by Consob.

KPMG S.p.A. is registered under No.13 in the Special Register (*Albo Speciale*) maintained by Consob and under No.70623 in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree No.88 of 27 January 1992. KPMG S.p.A. is also a member of Assirevi, the Italian association of auditing firms.

The independent auditors have no material interest in the Issuer.

U.S. Tax Legend

The Notes and Coupons will contain the following legend: "*Any United States person who holds this obligation* will *be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*."

Documents Available

For so long as the Notes are outstanding, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

(a) a copy of this Prospectus (including any supplement to this Prospectus);

(b) Subscription Agreement;

(c) Agency Agreement;

(d) audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2008 and 2009; and

(e) unaudited consolidated interim financial statements of the Issuer as at and for the three months ended 31 March 2009 and 2010,

in each case, where applicable, with an English translation thereof.

ISSUER

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JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

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United Kingdom

J.P. Morgan Securities Ltd.
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London EC2Y 5AJ
United Kingdom

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Grand Duchy of Luxembourg