



UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) S.A.

(incorporated as a public limited liability company under the laws of the Grand Duchy of Luxembourg)

€750,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes
guaranteed on a subordinated basis by

UNICREDIT S.p.A.

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

The €750,000,000 guaranteed non-cumulative step-up fixed/floating rate subordinated notes (the **Notes**) are issued by UniCredit International Bank (Luxembourg) S.A. (the **Issuer**) and are unconditionally and irrevocably guaranteed on a subordinated basis by UniCredit S.p.A. (**UniCredit** or the **Guarantor**). The Issue Price of the Notes is 100 per cent.

The Notes will bear interest on a non-cumulative basis (a) from and including 10 December 2009 (the **Issue Date**) to but excluding 10 December 2019 (the **Interest Reset Date**), at a fixed rate of 8.125 per cent. per annum, payable annually in arrear on 10 June of each year provided that interest payable on 10 June 2010 shall be in respect of the period from (and including) the Issue Date to (but excluding) 10 June 2010 and provided further that interest payable on the Interest Reset Date shall be in respect of the period from (and including) 10 June 2019 to (but excluding) the Interest Reset Date, and (b) from and including the Interest Reset Date, at a floating rate per annum of 6.650 per cent. above 3-month EURIBOR, payable quarterly in arrear on 10 March, 10 June, 10 September and 10 December of each year, commencing 10 March 2020.

The Notes will be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Guarantor, as described in Condition 8 (*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 10 (*Taxation*), as described in Condition 8(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 6 (*Interest suspension*) 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 Regulatory Event or a Tax Deductibility Event (all as defined herein) at a redemption price equal to the greater of their principal amount or the Make Whole Amount (as defined herein), or an Additional Amount Event (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 10 (*Taxation*), as described in Condition 8(c) (*Redemption due to a Regulatory Event*), Condition 8(d) (*Redemption due to a Tax Deductibility Event*) and Condition 8(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 10 (*Taxation*).

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 Guarantor, is subject to the prior approval of the Lead Regulator (as defined herein).

The Notes are expected to be rated Baa3 with negative outlook by Moody's Investors Service, Inc. (**Moody's**) and BBB by Standard & Poor's Rating Services, a division of The McGraw Hill Companies Inc. (**S&P**). 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 25.

This document (the **Prospectus**) constitutes a prospectus for the purposes of Article 5 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 the denominations of €50,000 and integral multiples of €1,000 in excess thereof, up to and including €99,000.

Joint Lead Managers

Deutsche Bank

Société Générale Corporate & Investment Banking
UniCredit Group (HVB)

Co-Lead Managers

ING Wholesale Banking

Lloyds TSB Corporate Markets
Santander Global Banking & Markets

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, having taken 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.

Each of the Issuer and the Guarantor has confirmed to the Managers (as defined herein) that this Prospectus contains all information regarding the Issuer, the Guarantor, the Banking Group UniCredit (each 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 each of the Issuer and the Guarantor 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, the Guarantor or the Managers.

No representation or warranty is made or implied by the Managers or any of their respective affiliates, and none of the 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 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 or the Guarantor 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 and Guarantor 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 and the Guarantor are aware and are able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

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, the Guarantor or the Banking Group UniCredit 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, the Guarantor and the 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.

General Overview

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, the Guarantor or the 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, the Guarantor and the Banking Group UniCredit.

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 establishing the European Community, as amended; 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, the Guarantor and the Guarantor and its consolidated subsidiaries (the **Banking Group UniCredit**, or the **Group**), plans and expectations regarding developments in the business, growth and profitability of the Group and general industry and business conditions applicable to the Group. Each of the Issuer and the Guarantor 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 Group or those of its industry to be materially different from or worse than these forward-looking statements. The Issuer and the Guarantor do 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, the Guarantor or the Group are either derived from, or are based on, internal data or publicly available data from various independent sources. Although the Issuer and the Guarantor believe that the external sources used are reliable, the Issuer and the Guarantor have not independently verified the information provided by such sources.

General Overview

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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 International Bank (Luxembourg) S.A.
Guarantor:	UniCredit S.p.A.
Joint Lead Managers:	Bayerische Hypo- und Vereinsbank AG Deutsche Bank AG, London Branch Société Générale
Co-Lead Managers:	Banco Santander, S.A. ING Belgium SA/NV Lloyds TSB Bank plc
Principal Amount:	€750,000,000
Issue Price:	100 per cent. of the principal amount of the Notes
Issue Date:	10 December 2009
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 <i>pari passu</i> with the Notes), <i>pari passu</i> with the most senior non-cumulative preference shares of the Issuer, if any, and senior to the other share capital of the Issuer.
Status of the Guarantee:	The obligations of the Guarantor under the Guarantee will constitute direct, unsecured and subordinated obligations of the Guarantor ranking subordinate and junior to all indebtedness of the Guarantor (other than any instrument or contractual right (including any guarantee of any Parity Securities) expressed to rank <i>pari passu</i> with the Guarantee), <i>pari passu</i> with the most senior non-cumulative preference shares of the Guarantor, if any, and senior to the other share capital of the Guarantor, including its <i>Azioni Privilegiate</i> , ordinary shares and <i>Azioni di Risparmio</i> .
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 Guarantor, in accordance with (a) a resolution of the shareholders’ meeting of the Guarantor, (b) any provision of the by-laws of the Guarantor (currently, the maturity of the Guarantor 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 10 (*Taxation*), as described in Condition 8(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 Regulatory Event or a Tax Deductibility Event (each 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 an Additional Amount Event (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 10 (*Taxation*), as described in Condition 8(c) (*Redemption due to a Regulatory Event*), Condition 8(d) (*Redemption due to a Tax Deductibility Event*) and Condition 8(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 10 (*Taxation*).

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 Guarantor, in accordance with a resolution of the shareholders' meeting of the Guarantor 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 10 December 2019, 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 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (**Luxembourg**) 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; or
- (b) (i) the Guarantor has, or if demand were made under the Guarantee, would become obliged to pay additional amounts as provided or referred to in the Conditions as a result of any change in, or amendment to, the laws and regulations of Italy or any political subdivision or any authority thereof or therein having the 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; and
- (ii) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it.

Tax Deductibility Event means:

- (a) interest payable by the Issuer in respect of the Notes or any amount payable by the Guarantor under the Guarantee is no longer, or will no longer be, deductible by the Issuer or the Guarantor, as the case may be, for Luxembourg and/or Italian income tax purposes, as the case may be, 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 Luxembourg or the Republic of Italy, as the case may be, 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; and
- (b) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be taking reasonable measures available to it.

Regulatory Event means that the Guarantor is not permitted under the applicable rules and regulations adopted by the Lead Regulator, or an official application or interpretation of those rules and regulations, including a decision of any court or tribunal, at any time whilst any of the Notes are outstanding to treat the Notes as own funds, on a consolidated basis, for the purposes of the Tier 1 capital (*patrimonio di base*), or, in case of future amendments to the Bank of Italy regulations on regulatory capital of banks, up to such other fraction of the regulatory capital as will apply to non-cumulative perpetual instruments

or liabilities pursuant to which the issuer of such securities has a call option which is linked to an increase in the amount of payment due in respect of such securities or any other incentive to redemption with step-up and call in favour of the issuer.

Lead Regulator means the Bank of Italy, or any successor entity of the Bank of Italy, or any other competent regulator to which the Guarantor 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 8.125 per cent. per annum (the **Fixed Rate of Interest**), payable annually in arrear on 10 June of each year provided that interest payable on 10 June 2010 shall be in respect of the period from (and including) the Issue Date to (but excluding) 10 June 2010 and provided further that interest payable on the Interest Reset Date shall be in respect of the period from (and including) 10 June 2019 to (but excluding) the Interest Reset Date, and (b) from and including the Interest Reset Date to the date of redemption, at a floating rate per annum of 6.650 per cent. above 3-month EURIBOR, payable quarterly in arrear on 10 March, 10 June, 10 September and 10 December of each year, commencing 10 March 2020.

Optional suspension of interest:

The Issuer may elect, by giving notice to the Noteholders pursuant to Condition 17 (*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 Guarantor does not have Distributable Profits; and/or (b) since the Guarantor'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 Guarantor has not declared or paid dividends on any Junior Securities.

Distributable Profits means net profits of the Guarantor that are stated as being available for the payment of a dividend or the making of a distribution on any share capital of the Guarantor, according to the non-consolidated annual accounts of the Guarantor 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 annual non-consolidated accounts approved by the Guarantor.

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 (or the Guarantor in putting the Issuer in funds or in making a payment under the Guarantee, in each case in respect of such interest) made the payment of interest on such Interest Payment Date; or (B) paying the interest accrued to an Interest Payment Date if (a) if a Capital Deficiency Event has occurred and is continuing on such Interest Payment Date; or (b) if the Guarantor 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, except that in each case where

Condition 6.3 (*Interest suspension – Mandatory payment of interest*) applies, the Issuer shall be required to pay interest notwithstanding Condition 6.2 (*Interest suspension – Mandatory suspension of interest*).

Capital Deficiency Event means (a) as a result of losses incurred by the Guarantor, on a consolidated or non-consolidated basis, the total risk-based capital ratio (*coefficiente patrimoniale complessivo*) of the Guarantor, on a consolidated or non-consolidated basis as calculated in accordance with applicable Italian banking laws and regulations, and either (i) reported in the Guarantor's reporting to the Lead Regulator (currently *Matrice dei Conti*) or (ii) determined by the Lead Regulator and communicated to the Guarantor, in either case, falls below the then minimum requirements of the Lead Regulator specified in applicable regulations (currently equal to 5 per cent. pursuant to 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) and the Supervisory Guidelines of the Bank of Italy (*Istruzioni di vigilanza della Banca d'Italia*); or (b) the Lead Regulator, in its sole discretion, notifies the Guarantor that it has determined that the Guarantor's financial condition is deteriorating such that an event specified in (a) above is likely to occur in the short term.

The Guarantor is prohibited under applicable Italian banking laws or regulations from declaring a dividend or making a distribution on any class of its share capital in the circumstances set out in this definition.

Junior Securities means all share capital of the Guarantor, including its preference shares ("*Azioni Privilegiate*"), ordinary shares and savings shares ("*Azioni di Risparmio*"), now or hereafter issued, other than any share capital of the Guarantor that expressly or effectively rank on a parity with the Guarantee or any Parity Security.

Parity Securities means: (a) any preference shares, guarantees or similar instruments (other than the Guarantee) issued by the Guarantor which rank equally with the Guarantee (including any such guarantee or 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 Guarantor, which guarantee or similar instrument ranks equally with the Guarantee (but does not include any such securities or shares issued to the Guarantor (or any other member of the Group) by any such Subsidiary) including the Guarantor'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 and

the £350,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes issued by UniCredit International Bank (Luxembourg) S.A.

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

Mandatory payment of interest:

The Issuer is required to pay interest (including without limitation, in the event of a Capital Deficiency Event) on any Interest Payment Date:

- (A) in part, *pari passu* and *pro rata*, if and to the extent that during the six-month period (or three-month period for securities (other than shares) where remuneration is paid, respectively, every three months) prior to such Interest Payment Date the Issuer, the Guarantor or any Subsidiary has declared, made, approved or set aside for payment a dividend or distribution in respect of any Parity Securities; and/or
- (B) in full if and to the extent that during the six-month period prior to such Interest Payment Date
 - (i) the Guarantor has declared or paid dividends or other distributions on any Junior Securities; and/or
 - (ii) the Guarantor has redeemed, repurchased or acquired any Junior Securities (other than a Permitted Repurchase) or the Issuer, the Guarantor or any Subsidiary has redeemed, repurchased or acquired any Parity Securities,

save in each case that the Issuer or the Guarantor shall not be required to make any payment of interest on the Notes 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, the Guarantor 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, the Guarantor 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, the Guarantor or any of its Subsidiaries, (e) any redemption or other acquisition of Junior Securities in connection with the satisfaction by the Issuer, the Guarantor 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, the Guarantor or any Subsidiary or in connection with the distribution, trading or market-making in respect of such securities.

Non-cumulative nature of Interest

Interest on the Notes will not be cumulative and interest that the Issuer elects not to pay pursuant to Condition 6.1 (*Interest suspension – Optional suspension of interest*) or is prohibited from paying pursuant to Condition 6.2 (*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 6.1 (*Interest suspension – Optional suspension of interest*) or is prohibited from paying interest pursuant to Condition 6.2 (*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:

To the extent that the Guarantor at any time suffers losses (also considering profits and losses relating to previous financial years) which would result in a Capital Deficiency Event, the obligations of the Issuer relating to the principal amount of the Notes will be suspended to the extent necessary to enable the Guarantor to continue to carry on its activities in accordance with applicable regulatory requirements.

In any such case, but always subject to the provisions set out in Condition 6.2 (*Interest suspension – Mandatory suspension of interest*), interest will continue to accrue on the nominal amount of the Notes.

The obligations of the Issuer to make payments in respect of the principal of the Notes, will be reinstated as if such obligations of the Issuer had not been so suspended:

- (a) in whole, in the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Guarantor and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*); and
- (b) in whole, in the event of early redemption of the Notes pursuant to Conditions 8(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), 8(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 8(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) or 8(e) (*Redemption and Purchase – Redemption due to an Additional Amount Event*); and

- (c) in whole or in part, from time to time, to the extent that the Capital Deficiency Event is no longer continuing.

Modification following a Regulatory Event or a Tax Event:

The Issuer may in certain circumstances 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 are broadly no more prejudicial than the terms and conditions of the Notes prior to such modification, as described in Condition 14.3 (*Modification following a Regulatory Event or a Tax Event*).

Taxation:

All payments in respect of the Notes by the Issuer or the Guarantor 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 or, as the case may be, the Guarantor will (subject as provided in Condition 10 (*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) (in the case of payments by the Guarantor) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax and (b) (in the case of payments by the Issuer) the Grand Duchy of Luxembourg or any political subdivision or any authority thereof or therein having power to tax and (c) any other jurisdiction or any political subdivision or any authority thereof and therein having power to tax to which the Issuer or the Guarantor, as the case may be, 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 €18,100.

Rating:

The Notes are expected to be rated Baa3 with negative outlook by Moody's and BBB by S&P.

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 25.

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, Italy and Luxembourg see "Subscription and Sale" below.

Clearing Systems:

Euroclear and Clearstream, Luxembourg.

ISIN:

XS0470937243

Common Code:

047093724

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes and the Guarantee. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are 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.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or the Guarantor 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 and the Guarantor based on information currently available to them or which they 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 Guarantor 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 AND THE GUARANTOR

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 recent dislocation in the global and Italian capital markets and credit conditions has led to the most severe examination of the banking system’s capacity to absorb sudden significant changes in the funding and liquidity environment in recent history, and has had an adverse impact on the wider economy. Individual institutions have faced varying degrees of stress. Should the Group be unable to continue to source a sustainable funding profile which can absorb such shocks, 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

During 2008, 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

Risk Factors

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.

Risk connected to the U.S. subprime market crisis

The Group's total direct and indirect exposure to U.S. subprime loans at 30 June 2009 was approximately €44.9 million on a consolidated level (including U.S. Residential Mortgage Backed Securities (**RMBS's**) and Collateralised Debt Obligations (**CDO's**), which are characterised by the high quality of their underlying assets). 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 30 June 2009, the total exposure in relation to these conduits amounted to approximately €5.2 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.

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.

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. Such changes in the regulatory framework, in how such regulations are applied, or the implementation of the New Basel Capital Accord (Basel II) on capital requirements for financial institutions 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 harmonising and integration of the Group's IT commercial platforms in Germany and Austria, which are expected to be completed in 2009 and 2010, respectively.

Risks associated with the risk management systems

The Group's risk management system and strategies may fail and the Group may 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.

The Group will be exposed to credit risks

Through its banking operations the Group will be exposed 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 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.

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.

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 is 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

During the period from 2005 to 2007, UniCredit 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. If the Group were to conclude further significant acquisitions in the near future, these risks would be enhanced.

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. The Group's IT commercial platforms in Germany and Austria are expected to be completed respectively in 2009 and 2010 and it is possible that difficulties relating to such completion could arise.

The Group's further expansion in Central and Eastern Europe poses challenges

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. The Central and Eastern Europe region is currently experiencing recessionary and deteriorating economic conditions, 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. Moreover, 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.

In addition, UniCredit 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.

Risks associated with exposure to Central and Eastern European countries

The countries of Central and Eastern Europe were adversely affected by the worldwide economic downturn. 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 those 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.

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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.

Within this context, the Kazakh banking system, that is structurally dependant on the real estate sector, suffered a general deterioration and, as a result, two of the largest banks were nationalised and the four largest banks, with predominantly local shareholdings, accessed state aid.

During 2009, in order to address the deterioration of its credit portfolio, UniCredit carried out a recapitalisation of its subsidiary ATF and, during the third quarter of 2009, allocated reserves for losses in an amount equal to €249 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.

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.

In particular, 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.

Continued economic sluggishness and weak financial markets and volatility can materially adversely affect the Group's revenues and profits

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. The risk arising from the impact of the economy and business climate on the credit quality of the Group's borrowers and counterparties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

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

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 several 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.

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Considering traditional lending operations, in particular the demand for financial products 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. In addition, the Group's future earnings could be affected by depressed asset valuations resulting from a deterioration in market conditions.

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.

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.

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. 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 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.

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

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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 30 June 2009, the Group had made provisions for approximately €1,272 million to cover the risk and charges associated with such lawsuits and clawback actions (excluding employment, tax and credit recovery lawsuits) by the Group, which are described further in the consolidated interim financial statements of the Group as at and for the six months ended 30 June 2009 incorporated by reference herein. 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

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- (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 Guarantor 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 Guarantor as described in Condition 8 (*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 10 (*Taxation*), as described in Condition 8(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 Regulatory Event or a Tax Deductibility Event (each as defined herein) at a redemption price equal to greater of their principal amount and the Make Whole Amount (as defined herein) or an Additional Amount Event (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 10 (*Taxation*) as described in Condition 8(c) (*Redemption due to a Regulatory Event*), Condition 8(d) (*Redemption due to a Tax Deductibility Event*) and Condition 8(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 10 (*Taxation*).

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 Guarantor, 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 or the Guarantor may issue or guarantee which rank senior to the Notes or on the amount of liabilities which the Issuer or the Guarantor 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 and/or the Guarantor. In addition, such increased liabilities may increase the risk of suspension of interest payments by the Issuer.

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Subordination

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

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

Optional suspension of interest payments

Noteholders should be aware that the Issuer may, by giving not less than 15 days prior notice, elect in its discretion not to pay all (or part only) of the interest accrued to an Interest Payment Date if (a) the Guarantor does not have Distributable Profits; and/or (b) since the Guarantor's annual shareholders' meeting in respect of the non-consolidated 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. For further details see Condition 6.1 (*Interest suspension – Optional suspension of interest*).

Interest on the Notes will not be cumulative and interest that the Issuer elects not to pay pursuant to Condition 6.1 (*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

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 (or the Guarantor in putting the Issuer in funds or in making a payment under the Guarantee, in each case in respect of such interest) 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; or (b) the Guarantor 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. For further details see Condition 6.2 (*Interest suspension – Mandatory suspension of interest*).

Interest on the Notes will not be cumulative and interest that the Issuer is prohibited from paying pursuant to Condition 6.2 (*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 and reinstatement

Noteholders should be aware that to the extent that the Guarantor at any time suffers losses (also considering profits and losses relating to previous financial years) which would result in a Capital Deficiency Event, the obligations of the Issuer relating to the principal amount of the Notes will be suspended to the extent necessary to enable the Guarantor to continue to carry on its activities in

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accordance with applicable regulatory requirements. The obligations of the Issuer to make payments in respect of principal amount of the Notes will, under certain circumstances, be reinstated as described in Condition 7 (*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 than the terms and conditions of the Notes prior to such modification, as described in Condition 14.3 (*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.

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 Legislative Decree No. 239 of 1 April 1996 as amended or supplemented from time to time (**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 Guarantor) 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

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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 8 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 withholding tax at a rate of 27 per cent. if owed to certain categories of Italian resident beneficial owners, depending on the legal status of the beneficial owner of such interest and other proceeds. In particular, the 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident beneficial owner and to an Italian resident beneficial owner which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership or (iii) a commercial public or private institution.

The applicability of such a withholding tax in relation to interest and other proceeds paid to Italian resident beneficiaries would give rise to an obligation of the Issuer or, as the case may be, the Guarantor to pay Additional Amounts pursuant to Condition 10 (*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 8(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, each Member State of the European Union, including Belgium from 1 January 2010, is required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, 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). 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, the Issuer and/or the Guarantor. 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 or the Guarantor. 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 Guarantor's financial strength or other factors such as conditions affecting the financial services industry generally. In this connection, in November 2009, Moody's published its new global rating methodology for bank subordinated capital, including hybrid instruments, entitled "*Moody's Guidelines for Rating Bank Hybrid Securities and Subordinated Debt*" (the **New Moody's Hybrid Guidelines**). In particular, the New Moody's Hybrid Guidelines call for wider notching based on the riskiness of the hybrid instrument's particular features and that these instruments are typically rated three notches below a bank's Baseline Credit Assessment (**BCA**). The BCA of UniCredit is currently A3. The rating currently expected to be assigned to the Notes by Moody's, which reflects the change in Moody's methodology, is Baa3 with negative outlook, in line with the negative outlook on the A3 BCA of UniCredit. The Group's existing Parity Securities, currently rated A2, have also been affected by the New Moody's Hybrid Guidelines and have been placed on review for possible downgrade. Any such downgrading would, however, be subject to the decision of the Moody's Rating Committee convened to conclude the review for possible downgrades.

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

Risk Factors

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 Guarantor intends the Notes to qualify as own funds for the purposes of the 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. The regulatory treatment of the Notes, at or following issue, may impact the Issuer's (or any Substituted Debtor's) incentive to use the relevant redemption options available.

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 annual financial statements as at and for the financial year ended 31 December 2007	Balance sheet	6
	Income statement	7
	Statement of cash flows	9
	Explanatory notes	10-52
	Auditors' report	iii-iv
Issuer's audited consolidated annual financial statements as at and for the financial year ended 31 December 2008	Balance sheet	5
	Profit and Loss Account	6
	Statement of cash flows	8
	Explanatory notes	10-51
	Auditors' report	i-ii
Guarantor's audited consolidated annual financial statements as at and for the financial year ended 31 December 2007	Balance sheet	8-9
	Income statement	11
	Statement of cash flows	14-15
	Explanatory notes	20-360
	Auditors' report	439
Guarantor's audited consolidated annual 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
Guarantor's unaudited consolidated interim financial statements as at and for the six months ended 30 June 2008	Balance sheet	88-89
	Income statement	91
	Statement of cash flows	94-95
	Explanatory notes	97-185
	Auditors' report	258-9
Guarantor's unaudited consolidated interim financial statements as at and for the six months ended 30 June 2009	Balance sheet	88-89
	Income statement	90
	Statement of cash flows	94-95
	Explanatory notes	97-233
	Auditors' report	246-247
Guarantor's unaudited consolidated interim financial statements as at and for the nine months ended 30 September 2008	Balance sheet	10
	Income statement	11-13
Guarantor's unaudited consolidated interim financial statements as at and for the nine months ended 30 September 2009	Balance sheet	16
	Income statement	17-18
Issuer's articles of incorporation	Entire document	
Guarantor'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 and the Guarantor accept responsibility for the English translation of their respective financial statements incorporated into this Prospectus.

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

Documents Incorporated by Reference

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*).

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 €750,000,000 guaranteed 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 16 (*Further Issues*) and forming a single series with the Notes) of UniCredit International Bank (Luxembourg) S.A. (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 10 December 2009 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, UniCredit S.p.A. (**UniCredit** or the **Guarantor**) as guarantor, 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) (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (**Luxembourg**) 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; or
- (b) (i) the Guarantor has become, or would become if demand were made under the Guarantee, obliged to pay additional amounts as provided or referred to in the Conditions as a result of any change in, or amendment to, the laws and regulations of Italy or any political subdivision or any authority thereof or therein having the 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; and
- (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it;

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

Terms and Conditions of the Notes

or updated from time to time) and the Supervisory Guidelines of the Bank of Italy (*Istruzioni di vigilanza della Banca d'Italia*);

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 5 (*Interest*);

Capital Deficiency Event means:

- (a) as a result of losses incurred by the Guarantor, on a consolidated or non-consolidated basis, the total risk-based capital ratio (*coefficiente patrimoniale complessivo*) of the Guarantor, on a consolidated or non-consolidated basis as calculated in accordance with applicable Italian banking laws and regulations, and either (i) reported in the Guarantor's reporting to the Lead Regulator (currently *Matrice dei Conti*) or (ii) determined by the Lead Regulator and communicated to the Guarantor, in either case, falls below the then minimum requirements of the Lead Regulator specified in applicable regulations (currently equal to 5 per cent. pursuant to 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) and the Supervisory Guidelines of the Bank of Italy (*Istruzioni di vigilanza della Banca d'Italia*); or
- (b) the Lead Regulator, in its sole discretion, notifies the Guarantor that it has determined that the Guarantor's financial condition is deteriorating such that an event specified in (a) above is likely to occur in the short term;

Comparable German Bund Issue means the German Bund security selected by the Calculation Agent as having a maturity comparable to 10 December 2019 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 10 December 2019;

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;

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

Decree No. 239 has the meaning given in Condition 10 (*Taxation*);

Distributable Profits means net profits of the Guarantor that are stated as being available for the payment of a dividend or the making of a distribution on any share capital of the Guarantor, according to the nonconsolidated accounts approved by the Guarantor 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 annual non-consolidated financial statements approved by the Guarantor 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 establishing the European Community, as amended;

Extraordinary Resolution has the meaning given in the Agency Agreement;

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First Initial Interest Period has the meaning given in Condition 5.1 (*Interest Fixed Rate*);

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 5.1 (*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 5.1 (*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 5.2 (*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 5.2 (*Interest Floating Rate*);

Floating Rate of Interest has the meaning given in Condition 5.2 (*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;

Guarantee has the meaning given in Condition 4.1 (*Guarantee*);

Group means the Guarantor and its Subsidiaries;

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 10 June of each year, beginning 10 June 2010 to and including 10 June 2019, and 10 December 2019;

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 5.1 (*Interest Fixed Rate*);

Issue Date means 10 December 2009;

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

Junior Securities means all share capital of the Guarantor, including its preference shares ("*Azioni Privilegiate*"), ordinary shares and savings shares ("*Azioni di Risparmio*"), now or hereafter issued, other than any share capital of the Guarantor that expressly or effectively rank on a parity with the Guarantee or any Parity Security;

Last Initial Interest Period has the meaning given in Condition 5.1 (*Interest Fixed Rate*);

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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 or of the Guarantor, 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 or the Guarantor, as the case may be, to the claims of any unsubordinated creditors of the Issuer or the Guarantor, but senior (in the case of the Issuer) to the Notes and (in the case of the Guarantor) to the Guarantee, 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 a Regulatory Event Redemption Date or a Tax Deductibility Event Redemption Date in respect of a Tax Deductibility Event, as the case may be;

Parity Securities means: (1) any preference shares, guarantees or similar instruments (other than the Guarantee) issued by the Guarantor which rank equally with the Guarantee (including any such guarantee or 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 Guarantor, which guarantee or similar instrument ranks equally with the Guarantee (but does not include any such securities or shares issued to the Guarantor or any other member of the Group by any such Subsidiary) including the Guarantor'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 and the £350,000,000 Non-cumulative Step-Up Fixed/Floating Rate Subordinated Notes issued by UniCredit International Bank (Luxembourg) S.A.;

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 6.3 (*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;

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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 that the Guarantor is not permitted under the applicable rules and regulations adopted by the Lead Regulator, or an official application or interpretation of those rules and regulations including a decision of any court or tribunal, at any time whilst any of the Notes are outstanding to treat the Notes as own funds, on a consolidated basis, for the purposes of the Tier 1 capital (*patrimonio di base*), or, in case of future amendments to the Bank of Italy regulations on regulatory capital of banks, up to such other fraction of the regulatory capital as will apply to non-cumulative perpetual instruments or liabilities pursuant to which the issuer of such securities has a call option which is linked to an increase in the amount of payment due in respect of such securities or any other incentive to redemption with step-up and call in favour of the issuer;

Regulatory Event Redemption Date means the date fixed for redemption of the Notes in a notice delivered by the Issuer pursuant to Condition 8(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*) or Condition 4 (*Guarantee*);

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 10 March, 10 June, 10 September and 10 December of each year beginning on 10 March 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 Guarantor for financial reporting purposes under applicable Italian banking laws and regulations;

Substituted Debtor has the meaning given in Condition 15 (*Substitution*);

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 or any amount payable by the Guarantor under the Guarantee is no longer, or will no longer be, deductible by the Issuer or the Guarantor, as the case may be, for Luxembourg and/or Italian income tax purposes, as the case may be, 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 Luxembourg or

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the Republic of Italy, as the case may be, 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; and

- (b) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be 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 8(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) or 8(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 3° 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;

Treaty means the Treaty establishing the European Communities, as amended; and

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.

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 10 (*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 10 (*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.

3.2 Subordination

By virtue of such subordination, payments to Noteholders will, in the event of the winding up, dissolution, liquidation or bankruptcy of the Issuer, (including *liquidation volontaire* or *liquidation judiciaire*) 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 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. GUARANTEE

4.1 Guarantee

The payment of the principal and interest in respect of the Notes has been unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor under a guarantee (the **Guarantee**) dated 10 December 2009 and executed by the Guarantor.

4.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee (if any) will constitute direct, unsecured and subordinated obligations of the Guarantor and rank subordinate and junior to all indebtedness of the Guarantor (other than any instrument or contractual right (including any guarantee of any Parity Securities) expressed to rank *pari passu* with the Guarantee), *pari passu* with the most senior non-cumulative preference shares of the Guarantor, if any, and senior to the other share capital of the Guarantor, including its *Azioni Privilegiate*, ordinary shares and *Azioni di Risparmio*.

4.3 Subordination

By virtue of such subordination, payments to Noteholders under the Guarantee will, in the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Guarantor, 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 Guarantor and of all Less Deeply Subordinated Obligations of the Guarantor in any such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Guarantor 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.

5. INTEREST

5.1 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 10 December 2019 (the **Interest Reset Date**) at a fixed rate of 8.125 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, provided that interest payable on 10 June 2010 shall be in respect of the period from (and including) the Issue Date to (but excluding) 10 June 2010 (the **First Initial Interest Period**) and provided further that interest payable on the Interest Reset Date shall be in respect of the period from (and including) 10 June 2019 to (but excluding) the Interest Reset Date (the **Last Initial Interest Period**). The first interest payment shall be made on 10 June 2010 in respect of the First Initial Interest Period and shall be in the amount of €40.51 for each €1,000 (the **Calculation Amount**) in principal amount of Notes and the interest payment made on 10 December 2019 in respect of the Last Initial Interest Period shall be in the amount of €40.74 for each Calculation Amount. The interest payment made on each other Initial Interest Payment Date shall be in the amount of €81.25 for each 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

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the amounts (determined in the manner provided above) for each Calculation Amount comprising the relevant denomination of such Note, without any further rounding.

5.2 Floating Rate

- (a) If the Issuer has not redeemed the Notes in accordance with Condition 8(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 5.2(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 6.650 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 half pence (half a pence

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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.

5.3 Interest accrual

Each Note will cease to bear interest from (but excluding) maturity or the due date for redemption pursuant to Conditions 8(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), 8(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 8(d) (*Redemption due to a Tax Deductibility Event*) and 8(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).

6. INTEREST SUSPENSION

6.1 Optional suspension of interest

The Issuer may elect, by giving notice to the Noteholders pursuant to Condition 17 (*Notices*) below, not to pay all (or part only) of the interest accrued to an Interest Payment Date if:

- (a) the Guarantor does not have Distributable Profits; and/or
- (b) since the Guarantor'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,

except that where Condition 6.3 (*Interest suspension – Mandatory payment of interest*) applies, the Issuer shall be required to pay interest notwithstanding this Condition 6.1.

The Issuer shall give not more than 25 but not less than 15 days prior notice to the Paying Agents and to the Noteholders in accordance with Condition 17 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of this Condition 6.1, 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.

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Where the Issuer elects not to pay interest pursuant to this Condition 6.1 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 6.1 will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited.

6.2 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 a Capital Deficiency Event would occur if the Issuer (or the Guarantor in putting the Issuer in funds or in making a payment under the Guarantee, in each case in respect of such interest) 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; or
 - (b) the Guarantor 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,

except that where Condition 6.3 (*Interest suspension – Mandatory payment of interest*) applies, the Issuer shall be required to pay interest notwithstanding this Condition 6.2.

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 17 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of this Condition 6.2, 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 6.2 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 6.2 will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited.

6.3 Mandatory payment of interest

The Issuer is required to pay interest (including without limitation, in the event of a Capital Deficiency Event) on any Interest Payment Date:

- (a) in part, *pari passu* and *pro rata*, if and to the extent that during the six-month period (or three-month period for securities (other than shares) where remuneration is paid, respectively, every three months) prior to such Interest Payment Date the Issuer, the Guarantor or any Subsidiary has declared, made, approved or set aside for a dividend or distribution in respect of any Parity Securities; or
- (b) in full if and to the extent that during the six-month period prior to such Interest Payment Date:
 - (i) the Guarantor has declared or paid dividends or other distributions on any Junior Securities; or
 - (ii) the Guarantor has redeemed, repurchased or acquired any Junior Securities (other than a Permitted Repurchase) or the Issuer, the Guarantor or any Subsidiary has redeemed, repurchased or acquired any Parity Securities,

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save that the Issuer shall not be required to make any payment of interest on the Notes 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, the Guarantor 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, the Guarantor 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, the Guarantor or any of its Subsidiaries, (e) any redemption or other acquisition of Junior Securities in connection with the satisfaction by the Issuer, the Guarantor 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, the Guarantor or any Subsidiary or in connection with the distribution, trading or market-making in respect of such securities.

7. LOSS ABSORPTION

To the extent that the Guarantor at any time suffers losses (also considering profits and losses relating to previous financial years) which would result in a Capital Deficiency Event, the obligations of the Issuer relating to the principal amount of the Notes will be suspended to the extent necessary to enable the Guarantor to continue to carry on its activities in accordance with applicable regulatory requirements. In any such case, but always subject to the provisions set out in Condition 6.2 (*Interest suspension – Mandatory suspension of interest*), interest will continue to accrue on the nominal amount of the Notes. The obligations of the Issuer to make payments in respect of principal amount of the Notes will be reinstated (in priority to any Junior Securities and on a *pari passu* basis with any Parity Securities), as if such obligations of the Issuer had not been so suspended:

- (a) in whole, in the event of winding up, dissolution, liquidation or bankruptcy of the Guarantor and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy; and
- (b) in whole, in the event of early redemption of the Notes pursuant to Conditions 8(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), 8(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 8(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) or 8(e) (*Redemption due to an Additional Amount Event*); and
- (c) in whole or in part, from time to time, to the extent that the Capital Deficiency Event is no longer continuing.

The Issuer shall forthwith give notice of any such suspension and/or reinstatement to the Noteholders in accordance with Condition 17 (*Notices*) below and such notice shall include a confirmation of the Issuer's entitlement to such suspension and/or reinstatement, together with details of the amounts to be so suspended and/or reinstated.

8. 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 10 (*Taxation*), on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Guarantor, in accordance with (a) a resolution of the shareholders' meeting of the Guarantor, (b) any provision of the by-laws of the Guarantor (currently, the maturity of the Guarantor 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

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 10 (*Taxation*) on the Issuer's giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 17 (*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

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 17 (*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:

- (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 Regulatory Event Redemption Date and any additional amounts due pursuant to Condition 10 (*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 Regulatory Event Redemption Date and any additional amounts due pursuant to Condition 10 (*Taxation*).

(d) Redemption due to a Tax Deductibility 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 17 (*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 10 (*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 10 (*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 17 (*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 10 (*Taxation*);

provided, however, that no such notice of redemption pursuant to Condition 8(d) or 8(e) shall be given earlier than 90 days prior to the earliest date on which interest starts accruing in respect of which the Issuer or, as the case may be, the Guarantor would be unable to deduct such amounts for, respectively, Luxembourg or Italian income tax purposes in the case of Condition 8(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 8(e) (*Redemption due to an Additional Amount Event*).

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Prior to the publication of any notice of redemption pursuant to Conditions 8(c) (*Redemption due to a Regulatory Event*), 8(d) (*Redemption due to a Tax Deductibility Event*) and 8(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 or the Guarantor is unable to deduct such amounts for, respectively, Luxembourg or Italian income tax purposes as a result of such change or amendment or as appropriate that the Issuer or the Guarantor 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 8, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.

(f) Approval of Lead Regulator

Any redemption in accordance with this Condition 8, save in accordance with Condition 8(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 8(a), 8(b), 8(c) 8(d) or 8(e). The Notes may not be redeemed at the option of the Noteholders.

(h) Purchase

The Issuer, the Guarantor 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.

9. PAYMENTS AND EXCHANGES OF TALONS

9.1 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 Sterling cheque drawn on, or by transfer to a Sterling account maintained by the payee with, a London bank.

9.2 Interest

Payments of interest shall, subject to Condition 9.6 (*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 9.1 (*Principal*) above.

9.3 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 10 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

9.4 Unmatured Coupons void

On the due date for redemption of any Note upon maturity or pursuant to Conditions 8(b) (*Redemption and Purchase – Redemption at the option of the Issuer*), 8(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 8(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) or 8(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

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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 5 (*Interest*) and 6 (*Interest suspension*) regarding the payment of interest.

9.5 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.

9.6 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.

9.7 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.

9.8 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 11 (*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.

10. TAXATION

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor 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 or, as the case may be, the Guarantor 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 case of payments by the Issuer, in Luxembourg; or
- (b) in the case of payments by the Guarantor,
 - (i) in the Republic of Italy; or
 - (ii) 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 this is due to the requirements or procedures set forth therein not being met or complied with due to the actions or omissions of the Issuer or its agents; or
 - (iii) 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

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corporate income tax) or to such other Italian resident entities which have been or may be identified by Decree No. 239; or

- (c) 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
- (d) 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
- (e) in the case of payments by the Issuer, where such withholding or deduction is required to be made pursuant to the Luxembourg law of 23 December 2005, as amended, introducing a withholding tax on 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 resident of Luxembourg; or
- (f) 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
- (g) 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) (in the case of payments by the Guarantor) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, and (ii) (in the case of payments by the Issuer) Luxembourg or any political subdivision or any authority thereof or therein having power to tax and (iii) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor, as the case may be, becomes subject in respect of payments made by it in respect of the Guarantee or of principal and interest on the Notes and Coupons.

11. 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 9 (*Payments and Exchanges of Talons*).

12. 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.

13. 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 the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

Terms and Conditions of the Notes

The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve 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 and the Guarantor shall at all times maintain a fiscal agent; and
- (b) the Issuer and the Guarantor undertake that they will ensure that they maintain 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 and the Guarantor 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 and the Guarantor 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 or the Guarantor is incorporated.

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

14. MEETINGS OF NOTEHOLDERS; MODIFICATION AND WAIVER

14.1 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, the Guarantor 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.

For the avoidance of doubt, articles 86 to 94-8 of the Luxembourg Act dated 10 August 1915 on Commercial Companies, as amended does not apply to the Notes.

14.2 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,

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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.

14.3 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 8(c) (*Redemption and Purchase – Redemption due to a Regulatory Event*), 8(d) (*Redemption and Purchase – Redemption due to a Tax Deductibility Event*) and 8(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 17 (*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 International Bank (Luxembourg) S.A. or, (b) is substituted in accordance with Condition 15 and, in each case, the Guarantor continues to be UniCredit S.p.A. (other than where the Substituted Debtor is UniCredit S.p.A.);
- (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 8(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 14.3, 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.

15. SUBSTITUTION

15.1 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, or by the Guarantor as principal debtor (the **Substituted Debtor**) in respect of the Notes provided that:

Terms and Conditions of the Notes

- (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). Where the Substituted Debtor is not the Guarantor, an unconditional and irrevocable deed of guarantee substantially in the form of the Guarantee shall be executed by the Guarantor whereby the Guarantor shall guarantee in favour of each Noteholder and each Accountholder the payment of all sums payable by the Substituted Debtor as such principal debtor substantially to the extent of, and on the terms specified in, the Guarantee;
- (b) without prejudice to the generality of Condition 15.1(a) above, 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 10 (*Taxation*) with the substitution for the references to Luxembourg of references to the territory or territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;
- (c) the Documents shall contain a warranty and representation by the Substituted Debtor (i) that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (ii) that the obligations assumed by the Substituted Debtor under the Documents are all legal, valid and binding in accordance with their respective terms;
- (d) 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;
- (e) 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 shall 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;
- (f) the Issuer 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 (including, if relevant, the guarantee to be given by the Guarantor in respect of the Substituted Debtor) shall 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;
- (g) the substitution does not give rise to a change in the published credit rating of the Notes in effect at such time; and
- (h) the Substituted Debtor shall have appointed the process agent appointed by the Issuer in Condition 20 (*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.

By subscribing to, or otherwise acquiring, the Notes, the Noteholders expressly consent to the substitution of the Issuer from 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.

15.2 Assumption by Substituted Debtor

Upon execution of the Documents as referred to in Condition 15.1 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.

15.3 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 or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Guarantor shall acknowledge in the Documents the right of every Noteholder to production of the Documents for the enforcement of any of the Notes or the Documents.

15.4 Notice of Substitution

Not less than 15 days after execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 17 (*Notices*).

15.5 Substitution of the Issuer in the event of winding up proceedings

The Guarantor has undertaken in the Guarantee to substitute the Issuer with any other duly incorporated Subsidiary in good standing under the laws of its jurisdiction or with itself in accordance with the terms of this Condition 15 in the event that voluntary or involuntary winding up proceedings are instituted in respect of the Issuer. Any such substitution pursuant to this Condition 15.5 shall take effect prior to any such voluntary or involuntary winding up of the Issuer (*liquidation volontaire* or *liquidation judiciaire*).

16. 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.

17. 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.

18. 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.

Terms and Conditions of the Notes

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

19. 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.).

20. GOVERNING LAW AND JURISDICTION

20.1 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.

20.2 Jurisdiction

Each of the Issuer and the Guarantor 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.

20.3 Appropriate forum

Each of the Issuer and the Guarantor 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.

20.4 Service of Process

Each of the Issuer and the Guarantor 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.

20.5 Non-exclusivity

The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder 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

Summary of Provisions Relating to the Notes while in Global Form

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 17 (*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 and the Guarantor 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.

FORM OF SUBORDINATED GUARANTEE

Set forth below is the text of the Subordinated Guarantee substantially in the form to be executed by the Guarantor.

“**THIS DEED OF GUARANTEE** is made on 10 December 2009 by UNICREDIT S.p.A. (the **Guarantor**).

WHEREAS

- (A) The Guarantor has agreed to guarantee, on a subordinated basis, the obligations of UniCredit International Bank (Luxembourg) S.A. (the **Issuer**) under the €750,000,000 Non-cumulative Step Up Fixed/Floating Rate Subordinated Notes (the **Notes**) to be issued by the Issuer pursuant to an Agency Agreement dated 10 December 2009 (the **Agency Agreement**) between, among others, the Issuer, the Guarantor and Citibank, N.A., London Branch as fiscal agent (the **Fiscal Agent**).
- (B) Terms defined in the Conditions of the Notes (the **Conditions**) and in the Agency Agreement and not otherwise defined in this Guarantee shall have the same meaning when used in this Deed of Guarantee.

NOW THIS DEED OF GUARANTEE WITNESSES as follows:

1. GUARANTEE

- 1.1 The Guarantor hereby irrevocably guarantees, on a subordinated basis, to the holder from time to time of each Note:
 - (a) the due and punctual payment in accordance with this Deed of Guarantee of the principal of and interest on all Notes issued by the Issuer and of all other amounts payable by the Issuer in relation to the Notes and the Coupons in accordance with the Conditions of the Notes; and
 - (b) the due and punctual performance and observance by the Issuer of each of the other provisions on its part to be performed or observed in relation to such Notes and Coupons issued by it.
- 1.2 If the Issuer fails for any reason whatsoever to pay any such principal, interest or other amount, if and when this payment is due in accordance with the Conditions of the Notes, the Guarantor shall cause each and every such payment to be made as if the Guarantor instead of the Issuer were expressed to be the primary obligor of the relevant Note or Coupon and not merely as surety (but without affecting the Issuer's obligations) to the intent that the holder thereof shall receive the same amounts in respect of principal, interest or such other amount as would have been receivable had such payments been made by the Issuer.
- 1.3 The Guarantor undertakes that, in the event of the institution of proceedings for the voluntary or involuntary winding up of the Issuer (*liquidation volontaire* or *liquidation judiciaire*), it shall cause the Issuer to be substituted with another duly incorporated Subsidiary which is in good standing under the laws of its jurisdiction of incorporation, or with the Guarantor, and that any such substitution shall take effect prior to the winding up of the Issuer.
- 1.4 If any moneys shall become payable by the Guarantor under this guarantee the Guarantor shall not, so long as the same remain unpaid:
 - (a) in respect of any amounts paid by it under this guarantee, exercise any rights of subrogation or contribution or, without limitation, any other right or remedy which may accrue to it in respect of or as a result of any such payment; or
 - (b) in respect of any other moneys for the time being due to the Guarantor by the Issuer, claim payment thereof or exercise any other right or remedy; (including in either case claiming the benefit of any security or right of set-off or, on the liquidation of the Issuer). If, notwithstanding the foregoing, upon the bankruptcy, insolvency or

liquidation of the Issuer any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the Guarantor before payment in full of all principal of, and interest on, the Notes and Coupons shall have been made to the Noteholders and Couponholders, such payment or distribution shall be received by the Guarantor on trust for application in or towards the payment of all sums due and unpaid under these presents.

2. STATUS OF THE GUARANTEE

The Guarantor undertakes that its obligations hereunder in respect of the Guarantee of the Notes will constitute direct, unsecured and subordinated obligations of the Guarantor and rank subordinate and junior to all indebtedness of the Guarantor (other than any instrument or contractual right (including any guarantee of any Parity Securities) expressed to rank *pari passu* with the Guarantee), *pari passu* with the most senior non-cumulative preference shares of the Guarantor, if any, and senior to the other share capital of the Guarantor, including its *Azioni Privilegiate*, ordinary shares and *Azioni di Risparmio*.

3. DEPOSIT OF DEED OF GUARANTEE

This Deed of Guarantee shall be deposited with and held by the Fiscal Agent. The Guarantor hereby acknowledges the right of every Noteholder to the production of this Deed of Guarantee.

4. STAMP DUTIES

The Guarantor shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee, and shall indemnify each Noteholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

5. BENEFIT OF DEED OF GUARANTEE

5.1 Deed poll

This Deed of Guarantee shall take effect as a deed poll for the benefit of the Noteholders from time to time.

5.2 Benefit

This Deed of Guarantee shall enure to the benefit of each Noteholder and its (and any subsequent) successors and assigns, each of which shall be entitled severally and not jointly to enforce this Deed of Guarantee against the Guarantor.

5.3 Assignment

The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Noteholder shall be entitled to assign all or any of its rights and benefits hereunder.

6. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

7. NOTICES

7.1 Address for notices

All notices and other communications to the Guarantor hereunder shall be made in writing (by letter or fax) and shall be sent to the Guarantor at:

Form of Subordinated Guarantee

Address: Via San Protaso 1/3
20121
Milan
Italy
Fax: +39 02 8862 3508
Attention: Philipp Waldstein/Andrea Laruccia

and

Address: Via Giovanni Paisiello 5
00198 Roma
Italy
Fax: +39 06 6707 9804
Attention: Giulia De Martiis

or to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Noteholders in the manner prescribed for the giving of notices in connection with the Notes.

7.2 Effectiveness

Every notice or other communication sent in accordance with Clause 7.1 (*Address for notices*) shall be effective upon receipt by the Guarantor, provided that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

8. CURRENCY INDEMNITY

If any sum due from the Guarantor under this Deed of Guarantee 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 this Deed of Guarantee 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 Guarantor, (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 this Deed of Guarantee, the Guarantor shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Guarantor and delivered to the Guarantor 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 Guarantor and shall give rise to a separate and independent cause of action.

9. LAW AND JURISDICTION

9.1 Governing law

The Deed of Guarantee and any non-contractual obligations arising out of or in connection with the Deed of Guarantee will be governed by, and construed in accordance with, the laws of England, except that the subordination provisions, Clause 2 (*Status of the Guarantee*), thereof will be governed by the laws of the Republic of Italy.

9.2 English courts

The courts of England have jurisdiction to settle any dispute (a **Dispute**), arising from or connected with this Deed of Guarantee (including a dispute regarding the existence, validity or termination of this Deed of Guarantee) or the consequences of its nullity.

9.3 Appropriate forum

The Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

9.4 Rights of the Noteholders to take proceedings outside England

Clause 9.2 (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Clause 9 (*Law and Jurisdiction*) prevents the Noteholders from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction.

9.5 Service of Process

The Guarantor 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 office at Moor House, 120 London Wall, London, EC2Y 5ET and undertakes that in the event of UniCredit S.p.A., London Branch ceasing so to act it will appoint such other person with an office in London as its agent for that purpose. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

10. MODIFICATION

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of this Deed of Guarantee. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Noteholders.

IN WITNESS whereof this Deed of Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a deed)
by **UNICREDIT S.p.A.**)
acting by)”

USE OF PROCEEDS

The gross proceeds from the issue of the Notes are equal to €750,000,000. The proceeds of the Notes will be used by the Group for its general funding purposes and to improve the regulatory capital structure of the Group.

DESCRIPTION OF THE ISSUER

HISTORY

UniCredit International Bank (Luxembourg) S.A. (**UCI Luxembourg**, or the **Issuer**) was incorporated in the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*) on 30 September 2004. By a resolution passed at an extraordinary general meeting of shareholders on 29 October 2004, its articles of incorporation were amended and restated and its name was changed to UniCredit International Bank (Luxembourg) S.A. with effect as of 1 November 2004.

UCI Luxembourg is registered with the Luxembourg trade and companies register under the number B.103.341 and has its registered office at 8–10 rue Jean Monnet, L-2180 Luxembourg, telephone number +352 22 08 42-1 (Switchboard).

UCI Luxembourg is a wholly owned subsidiary of UniCredit and owns at 100% a subsidiary entitled UniCredit Luxembourg Finance S.A. whose object is the issue of securities under an MTN programme on the US market. The total amount of this programme is USD 10 billion.

RECENT EVENTS

In the context of the reorganisation of the UniCredit Group's banking activities in the Grand Duchy of Luxembourg, the Issuer sold, with effect from 1 August 2009, all its Private Banking activities to UniCredit Luxembourg S.A. (formerly H.V.B. Luxembourg S.A. (**UCL Luxembourg**)). There was no change in the legal structure of the Issuer. The new entity will continue to perform the same activities and services described hereunder.

BUSINESS

The Issuer is engaged in the business of banking and provision of financial services.

Following the transfer of all Private Banking activities to UCI Luxembourg, the activities performed by the Issuer are the following:

- reference structure in Luxembourg for the strategic funding activities of the UniCredit Group;
- treasury services for institutional counterparties; and
- credit activities.

RECENT INVESTMENTS

The Issuer has not made significant investments since the date of the last published financial statements.

CONSTITUTION

UCI Luxembourg has been incorporated pursuant to a notarial deed of Maître Frank Baden, notary residing in Luxembourg, on 30 September 2004. The articles of incorporation of UCI Luxembourg have been published in the Mémorial, Recueil des Sociétés et Associations number C-No 1040 of 18 October 2004 on page 49877.

The articles of incorporation of UCI Luxembourg have been amended and restated following a notarial deed dated 29 October 2004 and have been published in the Mémorial, Recueil de Sociétés et Associations number C-No 1183 of 20 November 2004 on page 56741.

CORPORATE OBJECTS

Pursuant to article 3 of UCI Luxembourg's articles of incorporation, UCI Luxembourg's corporate objects are the undertaking for its own account, as well as for the account of third parties, or on joint account with third parties, either within or outside the Grand Duchy of Luxembourg, of any banking or financial operations, including (but not limited to) the receipt of sight or term deposits in any currencies whatsoever, the granting of and taking of participations in credits of any nature and in any currency or currencies whatsoever and in any manner whatsoever, the trading of foreign currencies, the safekeeping and managing of securities, the administration and collection of coupons including the powers to make endorsement, the discount, rediscount, selling and settlement transactions, as well as any other transaction relating to bonds, notes, bills of exchange and other obligations of any kind and the power to issue and confirm letters of credit and documentary credits of any kind and the subscription, purchase, holding and disposal of shares, stock, bonds, notes and securities of any kind of and in any other company by any mean whatsoever, the organisation and management for its own account, as well as for the account of any natural person or any Luxembourg or foreign company, either within or outside the Grand Duchy of Luxembourg, of any financial or commercial investment, the performance of any operation whatsoever relating to the activity of assets manager in the widest sense of the legislation on the financial sector and of the activities of financial adviser, broker and commissioner, the provision of fiduciary and domiciliation services.

UCI Luxembourg can perform all other operations, whether industrial or commercial or on real estate, which directly or indirectly relate to its corporate object in order to facilitate the accomplishment of its purpose, however without taking advantage of the Luxembourg act dated 31 July 1929 on holding companies, as amended.

MATERIAL CONTRACTS

UCI Luxembourg has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

TAX REGIME

UCI Luxembourg is a fully taxable company.

TERM

UCI Luxembourg is incorporated for an unlimited duration.

DIRECTORS

UCI Luxembourg is managed by a board of directors composed of at least three members who may, but need not also, be shareholders, who are appointed for a period not exceeding six years by the general meeting of shareholders which may at any time remove them. The directors are re-eligible.

UCI Luxembourg complies with the laws and regulations of the Grand Duchy of Luxembourg regarding corporate governance.

The number of directors, their term and their remuneration are fixed by the general meeting of the shareholders. UCI Luxembourg is bound vis-à-vis third parties in any case by the sole signature of the Chairman, the Vice-Chairman, a Managing Director or by the joint signature of two other directors.

As at the date of this Prospectus, the following are the members of the board of directors of UCI Luxembourg and their respective business addresses:

Name	Title	Address
Jacques Santer	Chairman	69, rue J.-P. Huberty, L-1742 Luxembourg
Philipp Waldstein	Vice-Chairman	via San Protaso 3, I – 20121 Milano
Angelo Brizi	Director	4, rue Alphonse Weicker L-2721 Luxembourg
Piero Bonarelli	Director	via San Protaso 3, I – 20121 Milano
Alessandro Maldifassi	Director	via San Protaso 3, I – 20121 Milano

Below are briefly indicated the principal activities performed by the Directors outside UCI Luxembourg:

Jacques Santer — Chairman of the Board of Directors

- Honour State Minister of the Grand Duchy of Luxembourg.

Philipp Waldstein — Vice-Chairman of the Board of Directors

- Head of Strategic Funding in UniCredit S.p.A. Milan

Angelo Brizi

- C.E.O. of UniCredit Luxembourg S.A. Luxembourg

Piero Bonarelli

- Head of International Tax Planning in UniCredit S.p.A. Milan

Alessandro Maldifassi

- Accounting Principle and Disclosure in UniCredit S.p.A. Milan

CONFLICTS OF INTERESTS

UCI Luxembourg is not aware of any potential conflicts of interests between the duties to UCI Luxembourg of the foregoing directors and their private interests or other duties.

DESCRIPTION OF THE GUARANTOR

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 30 June 2009, as shown in the UniCredit shareholder register, amounted to €8,389,869,514.00.

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 28 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 and central-eastern Europe, where the Group is a market leader.

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 and other Eastern and Central European countries.

At 30 June 2009, the Group served more than 40 million customers through its multi-channel distribution network comprising 9,974 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 30 June 2009, the Group had 168,006 (full-time equivalent) employees.

HISTORY AND DEVELOPMENT

Formation of the Banking Group UniCredit

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**).

Description of the Guarantor

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% 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% 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% stake (later increased to 99.60%) 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% (later increased to 95.34%) of the total issued share capital of CJSC Ukrsofsbank (**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% 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% 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% 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% stake in Bank Austria and, indirectly through Bank Austria, a 71.2% 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% 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% of the share capital of HVB after having acquired an additional 1.23% 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% of the company's share capital were transferred to UniCredit by act of law, and HVB became a wholly-owned subsidiary of UniCredit.

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% 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% to 96.35%.

Subsequently, HVB transferred to UniCredit its 77.53% stake in Bank Austria and its 100% 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% 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% of Bank Austria's share capital.

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% 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% 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% 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% 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% 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;

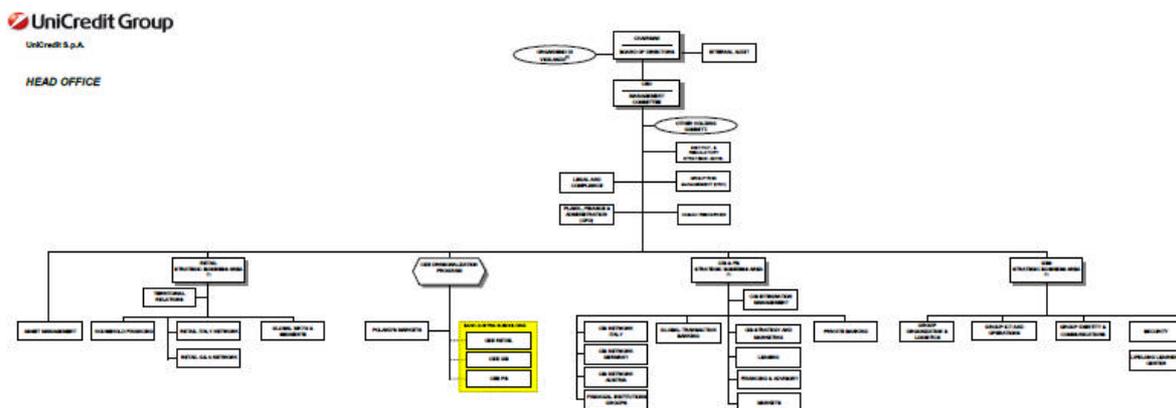
Description of the Guarantor

- (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.

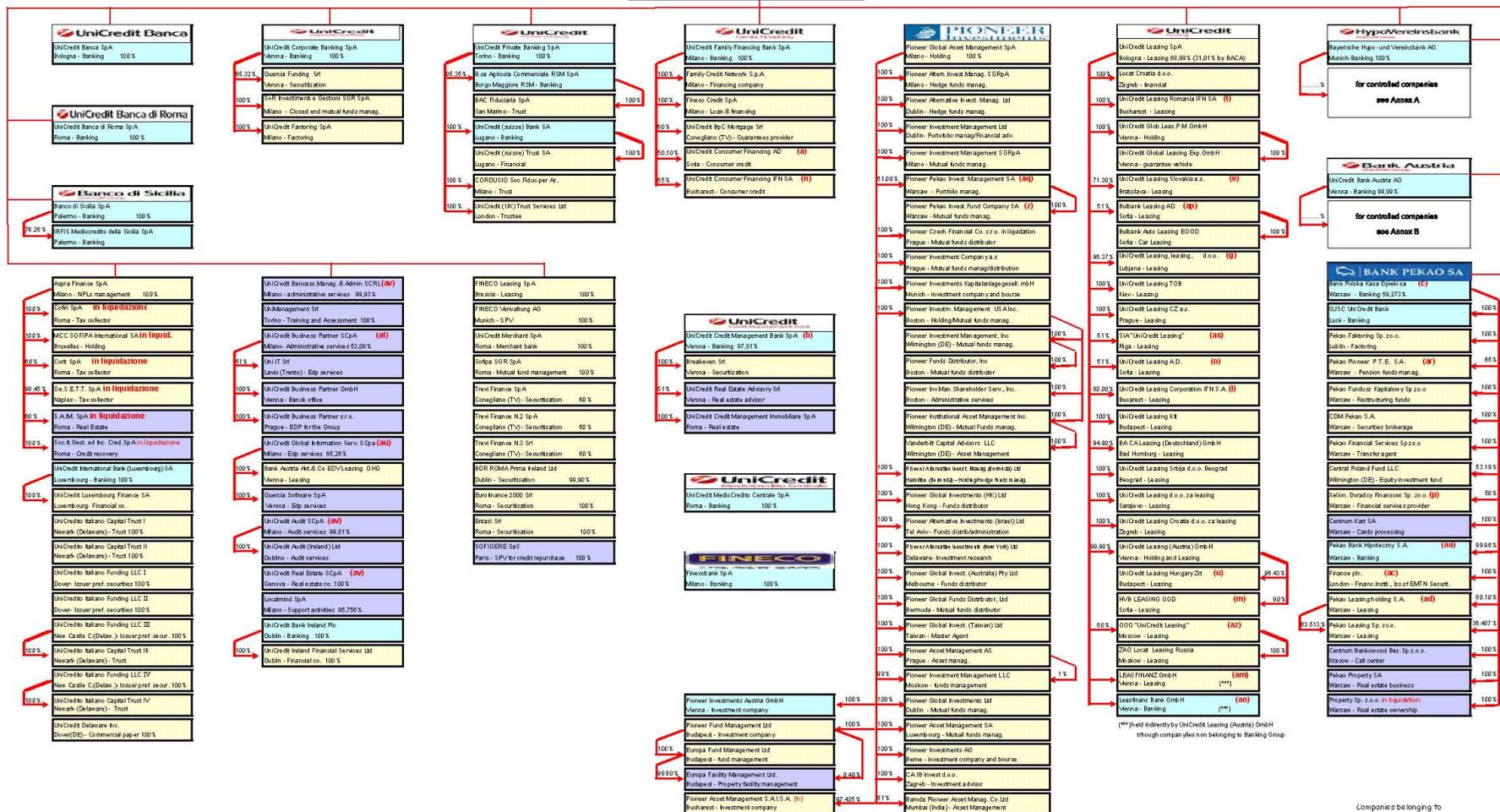
THE CURRENT ORGANISATIONAL STRUCTURE

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 organisational structure of UniCredit and the banking companies controlled by UniCredit belonging to the Group, as at the date of this Prospectus.



(1) Position covered by Deputy CEO Group Deputy General Manager.
 (2) See also according to the Legislative Decree No. 385 dated June 9, 2001 with the responsibility to monitor functioning and compliance with the organization and management model of UniCredit S.p.A. ("Model") and to update the Model, maintaining a constant connection with the Board of Directors.



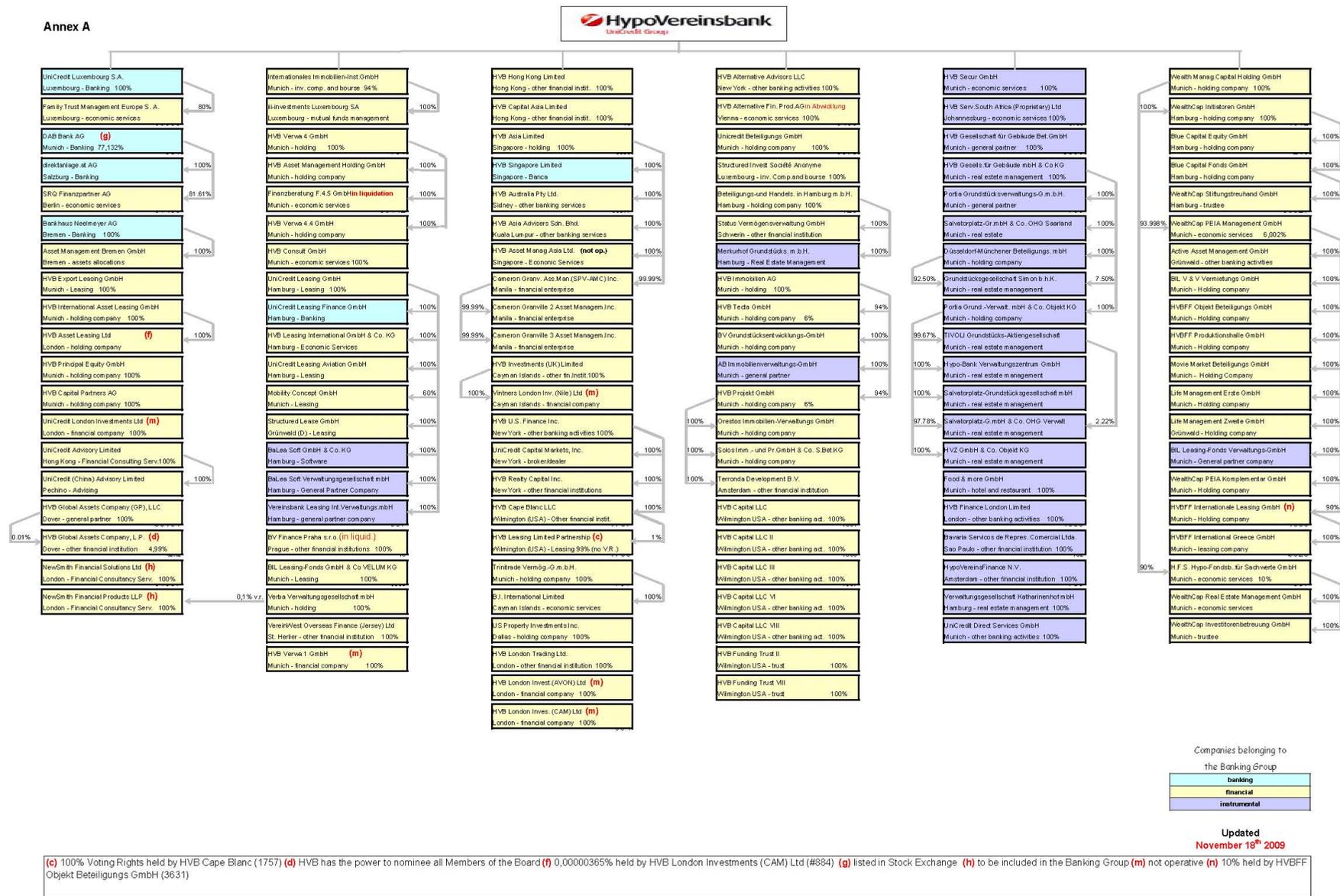
(a) 49.9% held by UniCredit Bulbank AD (b) # 175,000 shares owned by UniCredit Credit Management Bank SpA (c) listed on Stock Exchange (d) to be included in the Banking Group (e) 8.8% held by UniCredit Leasing CZ a.s. (f) 19.90% held by UniCredit Bank Slovakia a.s. (10082 BAC) (g) 3.63% held by UniCredit Bank Slovenia DD (370 BAC) (h) 2.575% held by UniCredit Tiriak Bank SA (10028) (i) 20% held by UniCredit Tiriak Bank (10028) (j) 10% held by UniCredit Bulbank AD (10073) (k) 35% held by UniCredit Tiriak Bank SA (a) 49% held by UniCredit Bulbank AD (10073) (l) 50% owned directly by UniCredit (m) UniCredit Tiriak Bank holds one share of the company (n) 3.57% held by BA Eurolease Beteiligungsgesellschaft m.b.H. (2132) (o) in Polish: Pioneer Pekao TFI SA (a) 0.04% held by Final Holding Sp.z o.o. (ac) Final Holding holds 1 share (ad) 19.90 held by UniCredit Leasing SpA (am) held 100% by # 10040 LF Beteiligungen GmbH (an) held 100% by #6424 BACA Leasing Und Beteiligungsmanagement GmbH (ap) 49% held by UniCredit Bulbank AD (aq) 49% held by Bank Pekao SA (ar) 35% held by Pioneer Global Asset Management SpA (as) 49% held by AS UniCredit Bank (10286 BACA) (at) 18.11% held by HVB and 28.81% by BA. Other Italian companies belonging to Banking Group hold 10 shares of the company (au) 24.72% held by HVB and 10.02% by BA. Other Italian companies belonging to Banking Group hold 10 shares of the company (av) Other Italian companies belonging to Banking Group hold 10 shares of the company (az) 40% held by Zao UniCredit Bank (BACA)

Companies belonging to the Banking Group

Banking
Financial
Instrumental

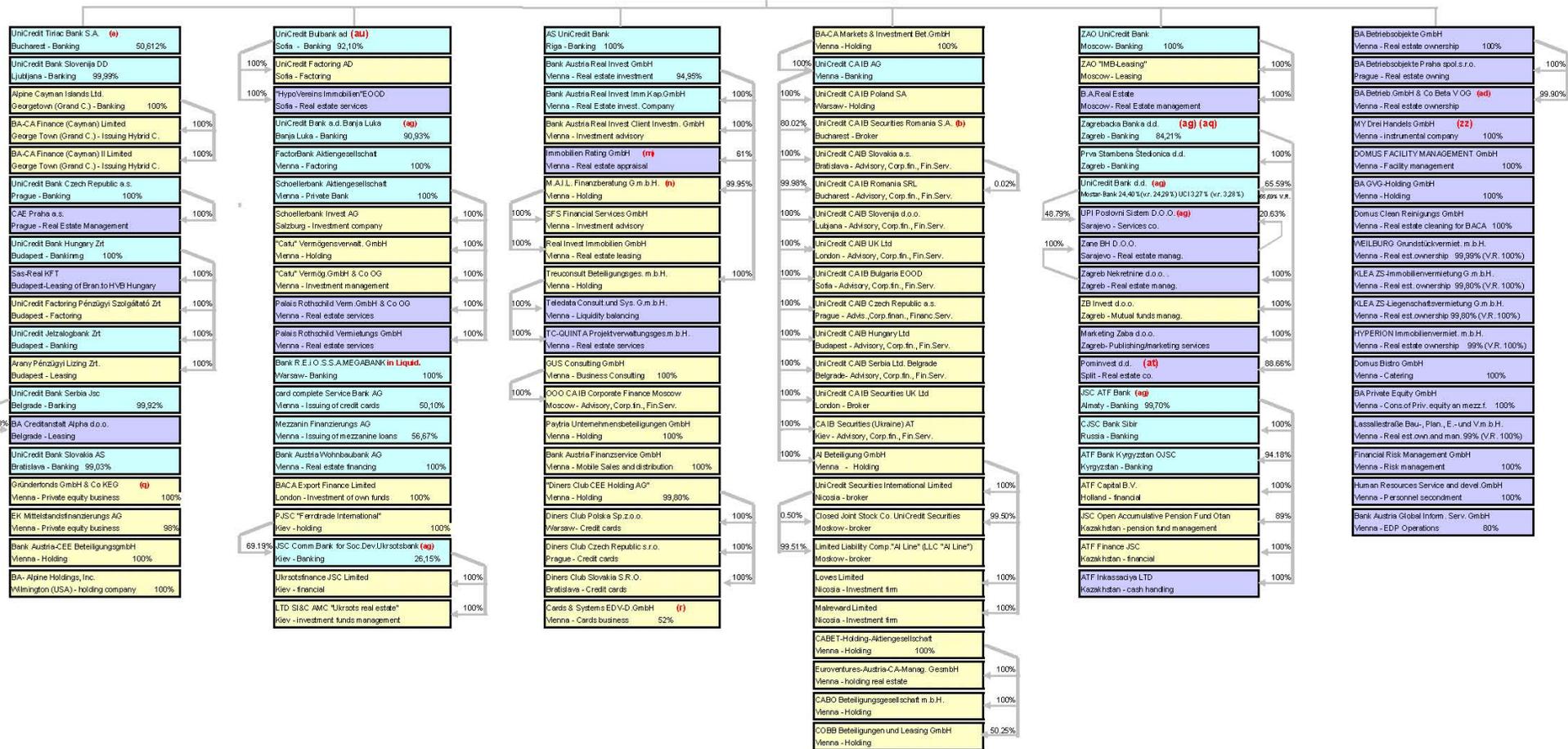
Updated November 18th 2009

Description of the Guarantor

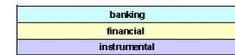


Description of the Guarantor

Annex B



Companies belonging to the Banking Group



Updated November 18th 2009

a) % considering shares held by other Companies controlled by BACA b) 19,98%, held by UniCredit Triac Bank SA (10028) (e) to be included in the Banking Group (m) 19% held by BACA 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 (ag) listed on Stock Exchange (aq) % on share capital; 84,44% of voting rights (at) % on share capital; 88,95 of voting rights (au) 0,004% held by UniCredit (zz) not operative

UniCredit is responsible for maximising, in the long-term, the Group's overall value, through uniform governance of the Group, strategic guidance and control of the Legal Entities, the efficient provision of services within the Group - also through specific companies - and the management of profit centres.

To do this, UniCredit adopts an organisational model based on divisions¹. These divisions oversee the business, product and service areas, as described below.

The actual organisational structure of the UniCredit is broken down into:

- **Guidance, Support and Control functions:** which aim to guide, control and support – for their area of competence - management of the activities and related risks of the Group as a whole and of the single Legal Entities: Planning, Finance & Administration (CFO), Risk Management (CRO), Legal and Compliance, Internal Audit, Human Resources, Institutional & Regulatory Strategic Advisory, Organization, and Group Identity and Communications.²
- **Strategic Business Area (SBA):** “Retail”, “Corporate & Investment Banking and Private Banking (“CIB&PB”) and “Global Banking Services (“GBS”). The SBAs are under the direct responsibility of the respective Deputy CEOs, thereby highlighting the Deputy CEOs more hands-on involvement in business activities. The SBAs are responsible for the Business Units (BU) - except for Asset Management - which replaced the former Divisions.
- **Asset Management:** responsible for developing asset management everywhere, including the CEE and Poland, guiding, supporting and controlling the development of business activities on a regional level.
- **CEE Divisionalization Program:** which concentrate, under a single responsibility, the coordination of activities relating to the divisionalization of the CEE countries, including Poland. The function is responsible for overall income, costs and risks of CEE until the Divisionalization Program is completed, using the corresponding functions in Bank Austria, as and when this is considered advisable.

Besides the names used to identify the different structures from a strictly organization viewpoint (Business Unit, department, unit), the different functions responsible for the business, product and services areas are classified, in relation to the nature of the responsibility assigned them, as follows:

- **Business Line (BL)**, responsible for coverage of the customer segments/geographical areas they are competent for: Retail Italy Network BU, Retail G&A Network BU, CIB Network Italy BU, CIB Network Germany BU, CIB Network Austria BU, Financial Institution Groups (“FIG”) BU, Private Banking BU (which includes Private Banking Network Italy, Germany and Austria).
- **Product Line (PL)**, responsible for developing products/services centrally: Household Financing BU, CIB Financing & Advisory BU, Markets BU, Global Transaction Banking (“GTB”) BU, Leasing BU and Asset Management BU.
- **Key Business Function (KBF)**, responsible for defining marketing strategies/activities for the customer segments it is competent for, e.g.: Global Retail Marketing & Segments, CIB Strategy and Marketing.
- **Service Line (SL)**, responsible for maximizing the quality of services offered prevalently through the Group’s Global Service Factories: ICT, Global Operations Services, Workout Services – for which the Group ICT & Operations BU is responsible - and Real Estate.
- **Key Service Function (KSF)**, responsible for maximizing the quality of services it is competent for, e.g.: Global Sourcing, Security and Lifelong Learning Center.

The Retail and CIB&PB SBAs prevalently break down into Business Lines, Product Lines and Key Business Functions, for the perimeter of their respective competence.

¹ The Group's organisational model sees the Banks in the Group being divided into divisions. The degree to which this happens is linked to the country, the size, how advanced it is and the growth rate for each market.

² Within the above functions, the following **Competence Lines (CL)** have been identified: Planning, Finance & Administration (CFO), Risk Management (CRO), Legal and Compliance, Internal Audit, Human Resources, Organization and Identity and Communications.

The GBS SBA prevalently breaks down into Service Lines and Key Service Functions to support business. The GBS SBA is also responsible for the guidance, support and control functions of Organization and Group Identity and Communications (both Competence Lines), depending on the prevalence of the profiles of service/support to business

Guidance, Support and Control Functions³

The Guidance, Support and Control Functions are:

- **Human Resources department** with the main objective of attracting, developing and retaining high quality resources, supporting the Group Strategic Plans and the coherent Group organisational development, ensuring Leadership Development Plans and implementing Group Operating Values; optimising Human Capital by defining Performance Management Plans, Training Plans and Compensation Systems; defining the Group Industrial Relations' guidelines;
- **Internal Audit department** with the main objective of ensuring the integrity of the company's financial wealth and stability and the compliance of operations to internal and external regulations, supplying a "reasonable guarantee" that the organisation may efficiently fulfil its objectives;
- **Planning, Finance and Administration department** with the main objective of Capital Management, with the aim of assigning the capital to the various Business Unit/ Legal Entities and pushing the Group's responsibility centres towards reaching the objectives; Planning and Control, with the objective of steering and coordinating Planning and Control processes for the Group and UniCredit and of ensuring the cost Planning and Control function for the Group and UniCredit; Finance and Asset & Liability Management (**ALM**), with the objective of ensuring balance in ALM and the economic and financial sustainability of the Group's growth policy in the lending market, optimising the currency exchange rate and cash-flow risk profile for the Group and centralising strategic funding activities on the capital markets; Accounting, Tax Affairs and Shareholdings, with the objective of ensuring the immediate and truthful representation of accounting entries of the Group, minimising the incidence of tax burdens, guaranteeing the function of reference for the Group in liaising with the supervisory authorities for relevant subject matters; management of Investor Relations, with the objective of ensuring the management of communication to the financial community, with particular care for institutional investors, financial analysts and rating agencies; Group Credit Treasury, with the objective of guaranteeing, as Group Advisor, the "active credit portfolio management" action in order to reduce capital absorption, increase credit pricing discipline and balance sheet turnover velocity, both at Legal Entity and consolidated levels;
- **Legal & Compliance department** with the main objective of: (i) ensuring adequate corporate fulfilments; (ii) ensuring the direct examination or the supervision of the evolution of laws and their consistent interpretation at Group level, as well as ensuring compliance with laws, regulations and codes of conduct applicable to the bank, particularly referring to external clients and/or entailing a high risk of fines or reputational damage through the identification, evaluation and monitoring of the overall legal and compliance risks of the Group and legal entities; (iii) providing support to the HC Structures for litigations and intra-group contracts, for the legal aspects it is competent for as well as acting as a focal point for the Business Units/Regions for the legal themes of interest; (iv) providing legal support, at Group Level, to M&A activities;
- **Group Risk Management department** with the main objective of minimising Group risks (i.e. credit, market, operational risks) through the definition of policies and methods aimed at

³ For Organization and Group Identity and Communications see the section "GBS Strategic Business Area"

measuring and controlling those risks, and optimising the cost of risk through the definition of guidelines, policies and credit non binding opinions on significant credit exposures (“large exposures”), in compliance with internal and external rules and regulations; and

- ***Institutional and Regulatory Strategic Advisory department*** with the main objective of supporting the CEO in the relationship with the European Institutional Bodies (including Italian ones) particularly focusing on markets rationalisation issues, contributing to the activities performed by the relevant European strategic and consultancy Committees and managing technical lobbying activities on the relevant matters.

Retail Strategic Business Area (SBA)

The Retail Strategic Business Area breaks-down into:

- ***Retail Italy Network, and Retail Germany & Austria Network Business Units***, with the main objective of developing the Retail segment through a real European Retail strategy, guiding, supporting and controlling the Italian Retail Banks (UniCredit Banca, UniCredit Banca di Roma, Banco di Sicilia) and the Retail business line of the regional Legal Entities HVB and Bank Austria;
- ***Household Financing Business Unit***, which coordinates the specialised banks and companies who supply mortgages or consumer finance/credit cards as a global business, within all geographic areas, including CEE and Poland’s Markets, guiding, supporting and controlling the development of the business activities at regional level;
- ***Global Retail Marketing & Segments department***, with the main objective of defining strategies to increase the global value of clients’ portfolio over time, through the increase of the market’s share and profitability, taking care of the product and service models innovation, coordinating and controlling the efficacy and adequacy of the products in relation to the reference markets of the banks in the SBA Retail Perimeter; and
- ***Territorial Relations department***, with the main objective of steering and coordinating the activities of Territorial Committees, referred to all customer segments, and developing relations and concrete initiatives on the territories with the stakeholders.

CIB & PB Strategic Business Area (SBA)

The CIB & PB Strategic Business Area breaks-down into:

- ***CIB Network Italy, CIB Network Germany, CIB Network Austria Business Units***, responsible for the coverage of the relevant customers in the different countries;
- ***Financial Institution Groups Business Unit***, responsible for the coverage of Banks and Financial Institutions;
- ***Global Transaction Banking Business Unit***, with the main objective of developing Cash management / E-banking products, “Structured Trade and Export Finance” products, “Trade Finance” products, CEE GTB Business coordination;
- ***CIB Strategy and Marketing department***, responsible for: (i) business strategy definition, marketing activities; (ii) performing business and customer analysis/benchmarking (iii) managing CRM processes (iv) developing Customer Satisfaction methodologies (v) coordination of GAM & CBBM businesses (vi) analysis and forecasts of macroeconomic trends and financial variables for the UniCredit Group, including economic, fixed income,

foreign exchange, commodity, credit and equity research, also consolidating the Group's research activities in Central and Eastern Europe;

- **Leasing Business Unit**, responsible for the coordination of leasing activities performed within the Group;
- **Financing & Advisory Business Unit**, responsible for the development of products/services dedicated to the Corporate and FIG customers;
- **Markets Business Unit**, responsible for steering the activities of origination, structuring, distribution and trading/market making of financial products, either cash or derivatives, on the different asset classes (e.g. rates, forex, commodities, equities, credit including securitization), covering either primary or secondary markets;
- **Private Banking Business Unit**, with the main objective of developing the Private Banking segment, guiding, supporting and controlling the development of the business activities at regional level, guiding and supporting the Private Banking business line of the regional legal entities (HVB and Bank Austria), UniCredit Private Banking (the Italian bank of Corporate segment) and the specialised bank/companies the Business Unit is competent for; and
- **CIB Integration Management**, aimed at supporting the SBA's Head in the implementation of the new "CIB" organizational model.

GBS Strategic Business Area (SBA)

The GBS Strategic Business Area breaks down into:

- **Group Organization & Logistics department**, with the objective of ensuring the consistency of the evolution of the organizational and operating models of the Group with the business strategies and of supporting and enhancing the maximization of quality of services/products provided, also with reference to operational and procurement costs, directly or through the relevant Service Factories and defining policies for UniCredit and LEs real estate properties, under administrative and technical profiles;
- **Group ICT & Operations Business Unit**, responsible for the strategic and managerial coordination of Group companies/structures dedicated to IT services, Operating services, Credit Recovery services, Insurance services, Operating Administrative centralized services defined as Shared Services – at a first stage related to HR and Financial & Accounting, as well as "Card Processing" management;
- **Group Identity and Communications department**, with the main objective of building and spreading the corporate image, values, culture and identity which are consistent and may be pursued in time, through internal and external communication activities;
- **Security department**, with the main objective of evaluating, developing, implementing, updating and monitoring the management and governance of security matters in UniCredit and Legal Entities; and
- **Lifelong Learning Center department**, with the main objective of designing and delivering training and linguistic paths for the human resources of the Group, based on a "Lifelong Learning" concept – meaning continuous training during the whole professional life of a person – pursuing efficiency and effectiveness objectives and promoting the diffusion of Group Policies.

Asset Management Business Unit

The **Asset Management Business Unit** is responsible for the development of Asset Management as a global business in all geographies, including CEE and Poland's Markets, guiding, supporting and controlling the development of the business activities at a regional level through the dedicated sub-holding and the related specialised Legal Entities.

CEE Divisionalization Program

The **CEE Divisionalization Program** is comprised of the **Poland's Markets Business Unit**, with the main objective of maximising long-term value creation in the reference geographic area, through the development of the Bank's activities in the Polish markets and by guiding, supporting and controlling the development of the banks forming part of the Unit.

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.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;

Description of the Guarantor

- 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 are described below⁴:

- **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 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 operating 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 further strengthen its position in the asset management industry by enlarging its product offering through new partnerships with third parties, introducing hedge fund products, dynamic asset and liability management (either for institutional or retail clients), retirement products and wealth planning;
- **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, within an overall plan of full divisionalisation of the area; and

⁴ In the UniCredit Group's current organisational structure, as more widely described under the heading "The Current Organisational Structure", above, Retail and Corporate & Investment Banking and Private Banking are Strategic Business Areas.

- **Central and Eastern Europe:** continues to focus on organic growth while strengthening both risk control and efficiency. UniCredit in the region 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. The Leasing Product Line completed the reorganisation of its Italian operations through the merger by incorporation into Locat S.p.A., of Unicredit Global Leasing S.p.A.

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 holistic 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;
- HVB and its subsidiary UniCredit Luxembourg; 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 Investments, 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 €170 billion.

Thanks to its partnership with leading financial institutions around the world, UniCredit Group 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 two 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 the strongest network of the region 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 more than 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 30 June 2009. (The breakdown of profit and loss figures by business given below is in line with the management reporting of Group results up to June 2009, showing the two former business divisions Corporate and Markets & Investment Banking currently grouped together in CIB.)

Euro millions; %	Six months ended 30 June 2009					
	Operating Income	% of Group's Operating Income	Operating Costs (Unaudited)	% of Group's Operating Costs	Operating Profit	Profit before taxes
Retail.....	5,289	36.9%	(3,592)	46.7%	1,697	565
Corporate	3,262	22.8%	(1,047)	13.6%	2,215	408
Markets & Investment Banking.....	1,800	12.6%	(600)	7.8%	1,200	548
Private Banking	421	2.9%	(266)	3.5%	155	141
Asset Management.....	340	2.4%	(225)	2.9%	115	120
CEE.....	2,401	16.8%	(954)	12.4%	1,447	721
Poland's Markets	780	5.4%	(419)	5.4%	361	327
Corporate Centre (*)	33	0.2%	(587)	7.6%	(554)	(901)
Total Consolidated.....	<u>14,326</u>	<u>100%</u>	<u>(7,690)</u>	<u>100%</u>	<u>6,636</u>	<u>1,929</u>

* Consolidation adjustments included.

SIGNIFICANT OR MATERIAL CHANGE

Save as disclosed in "Recent Developments" above, there has been no significant change in the financial or trading position of UniCredit and its subsidiaries taken as a whole since 30 June 2009 and there has been no material adverse change in the prospects of UniCredit or the Group since 31 December 2008.

LEGAL PROCEEDINGS

The following are the legal proceedings pending as at the date of this Prospectus in which the Group is a defendant and the amount claimed is equal to or exceeding €100 million (tax, labour law and debt recovery proceedings are not included). In addition, other legal proceedings are disclosed which UniCredit considers material but in which the amount claimed is less than €100 million.

Damages claims against UniCredit, its CEO and HVB's CEO (Hedge Funds Claims and VzFK Claim)

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

The defendants in the lawsuit are UniCredit, its CEO (Mr. Alessandro Profumo) and the CEO of HVB (Mr. Wolfgang Sprissler). The plaintiffs are seeking: (a) damages in the amount of €17.35 billion payable to HVB; and (b) that the Munich Court order UniCredit to pay HVB's minority shareholders appropriate compensation in the form of a guaranteed regular dividend from 19 November 2005 onwards.

The defendants, while aware of the risk that any such suit inevitably entails, are of the opinion that the claims are groundless, bearing in mind that all the transactions referred to by the plaintiffs were effected on payment of consideration which was held to be fair inter alia on the basis of external independent opinions and valuations. For these reasons no provision has been made.

Another minority shareholder of HVB (Verbraucherzentrale für Kapitanleger, **VzFK**), the former owner of a small equity investment in HVB, has brought an action against the same defendants, jointly and severally, asking the Munich Court:

- to order UniCredit, Mr. Profumo and Mr. Sprissler to pay €173.5 million (1% of the amount claimed pursuant to the Hedge Fund Claims);
- to order UniCredit to pay HVB's minority shareholders a regular dividend guaranteed in accordance with current German law; and
- from a procedural standpoint, to combine this action with the Hedge Funds Claims.

The main argument is that UniCredit, Mr. Profumo and Mr. Sprissler are allegedly responsible for the fact that the business combination between UniCredit and HVB supposedly does not meet legal requirements, and in particular, that it violates Article 291 of the German Stock Corporation Act. UniCredit is alleged to have carried out the business combination as a majority shareholder in pursuit of its own interests (acquisition of HVB's banking business in CEE countries at lower than market price) to the detriment of the interest of HVB's minority shareholders. Mr. Profumo and Mr. Sprissler allegedly contributed to the preparation and implementation of the aforementioned business combination plan.

The summons was served in German on Mr. Sprissler on 11 August 2008, and in Italian on Mr. Profumo on 23 March 2009. The defendants appeared before the Regional Court of Munich on 2 June 2009 and requested that the court reject the claims.

Since it is believed that the claim is groundless, no provision has been made.

On 29 July 2009, a decision was taken by the Court to join the VzFK proceeding with the Hedge Funds proceeding.

Appointment of a special representative following the sale of Bank Austria and damages claims against UniCredit, its CEO and others (*Special Representative*)

On 27 June 2007, the Annual General Meeting of HVB passed, inter alia, a resolution authorising a claim for damages to be made against UniCredit, its legal representatives, and the members of HVB's management board and supervisory board, citing alleged prejudice to HVB due to the sale of equity investment held by the latter in Bank Austria and the Business Combination Agreement (**BCA**) entered into with UniCredit during the business combination process. Mr. Thomas Heidel, a solicitor, was appointed Special Representative with the duty 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 the company.

Based on his investigations especially within HVB, in December 2007 the Special Representative called on UniCredit to return to HVB the Bank Austria shares it had sold. In January 2008, UniCredit replied to the Special Representative stating that in its view such a request was completely unfounded for a number of reasons.

On 20 February 2008, Thomas Heidel, in his capacity as Special Representative of HVB, filed a petition against UniCredit S.p.A., its CEO, Alessandro Profumo, as well as against HVB's CEO, Wolfgang Sprissler, and its CFO, Rolf Friedhofen, requiring the defendants to return the Bank Austria shares and to reimburse HVB for any additional losses in this matter or – if this application is not granted by the Court – to pay damages in the amount of at least €13.9 billion. The suit cites the damage claim filed against UniCredit, its CEO and the CEO of HVB (the Hedge Funds Claim; see discussion above) and is supported by further arguments.

Attorney Thomas Heidel has filed and given notice of an amendment to his petition. In it he asks that UniCredit, its CEO and the CEO and CFO of HVB be ordered to return the additional amount of €2.92 billion in addition to damages that might ensue from the capital increase approved by HVB in April 2007 following the transfer of the banking business of the former UniCredit Banca Mobiliare (UBM) to HVB. In particular, the Special Representative asserts that the contribution was overvalued and that the rules on auditing were violated.

Since it is doubtful that the amendment of the Special Representative's petition is in line with the resolution passed by the HVB shareholders' meeting in June 2007, UniCredit considers the plaintiff's claims to be unfounded, partly in consideration of the fact that both the sale of Bank Austria and the transfer of the operations of the former UBM in exchange for the capital increase in HVB occurred on the basis of independent assessments of well known auditing firms and investment banks, and thus, it has not made any provisions.

On 10 November 2008, an extraordinary shareholders' meeting of HVB was held, and it resolved to remove the attorney Thomas Heidel as Special Representative of HVB. This means that – unless such resolution is declared null and void – the Special Representative no longer has authority to prosecute the actions brought against UniCredit, its representatives and the representatives of HVB. In particular, the removal currently prevents the Special Representative from continuing his petition for damages, which, moreover, will not disappear automatically but, rather, only if a decision in this regard is made by HVB's supervisory board (against Mr. Sprissler and Mr. Friedhofen) and management board (against UniCredit and its CEO). HVB's decision-making bodies initiated a review of this complex matter assisted by external counsel to make the related decisions under their authority. The removal of the Special Representative was contested by Mr. Heidel himself and by a minority shareholder. Upon the claim of Mr. Heidel the resolutions to revoke his appointment and to dismiss him from office were declared null and void by the Munich Regional Court I on 27 August 2009. This ruling however is not yet final and binding, pending an appeal before the Regional High Court of Munich.

On 2 June 2009 the Trial Court suspended the Heidel-Action until a final binding ruling is issued on the validity of the appointment and subsequent removal of the Special Representative. The Special Representative submitted a motion for re-examination of the court's order to stay the "Heidel-Action"; it will fall to the same trial court to decide on this and if, as believed, its decision is not altered, it will be up to the Higher Regional Court to decide on whether the stay is proper.

Civil proceedings with respect to corporate default of the Cirio group

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

The Administrator also requested, in the alternative, the rescission pursuant to Article 2901 of the Italian Civil Code of the deeds of settlement made by Cirio S.p.A. and/or repayment by the banks of the sums paid over by Cirio under the agreement in question, on the grounds of unjust enrichment.

In May 2007, the case was retained for the judge's ruling. In February 2008, an unexpected ruling of the Court ordered Capitalia S.p.A. (currently UniCredit) jointly and severally with Mr. Sergio Cragnotti to pay the sum of €223.3 million plus currency appreciation and interest accrued from 1999. UniCredit has appealed, requesting suspension of the execution of the judgment in the lower court.

Description of the Guarantor

By its order dated 17 March 2009 the Court of Appeal of Rome recognised that prima facie the grounds for appeal presented by UniCredit were not without serious foundation and suspended the sentence issued against UniCredit and Mr. Sergio Cagnotti to pay €223.3 million together with monetary revaluation and interest since 1999 as ordered by the Court of Rome in February 2008 in favor of the Administrators of Cirio. The proceedings are continuing.

In April 2007, certain Cirio group companies in administration filed a petition against, inter alia, Capitalia S.p.A. (now UniCredit), Banca di Roma S.p.A., UniCredit Banca Mobiliare S.p.A. (now UniCredit S.p.A.) and other banks for damages arising from their role as arrangers of bond issues by Cirio group companies, which according to the plaintiffs were already insolvent at that time. Damages claimed jointly from all defendants have been quantified as follows:

- (a) for the increase of the losses entailed by the claimants' bankruptcy: in a range of €421.6 million to €2.082 billion (depending on the criteria applied);
- (b) fees paid by some of the claimants to the lead managers for the placement of bonds, a total of €9.8 million; and
- (c) the loss suffered by Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) due to the impossibility of recovering, by post-bankruptcy clawback, at least the amounts used by Cirio Finanziaria S.p.A. between 1999 and 2000 to cover the debts of some companies of the group: an amount to be determined during the proceedings,

in each case with the addition of interest and currency appreciation from the date owed to the date of payment. The proceeding is in its decision phase.

With a judgment dated 3 November 2009, the judge rejected the claim ordering the companies in administration belonging to Cirio group to jointly and severally reimburse the lawsuit-related expenses in favour of the defendant banks.

UniCredit, based also on the opinion of its defence counsel, has always considered the action to be groundless and, being confident of the positive outcome of the judgment, has not made any provisions.

Finally, on 30 October 2007, International Industrial Participations Holding IIP N.V. (former Cagnotti & Partners Capital Investment N.V.) and Sergio Cagnotti brought a civil action against UniCredit (as successor to Capitalia) and Banca di Roma S.p.A. for compensation of at least €135 million allegedly resulting (as actual damage and loss of profits):

- (a) primarily, from the breach of financial assistance undertakings previously executed in favour of Cagnotti & Partners Capital Investment N.V., Sergio Cagnotti, Cirio Finanziaria and the Cirio group, causing the insolvency of the group; and
- (b) secondarily, from an illegitimate refusal to provide to Cirio Finanziaria S.p.A. and to the Cirio group the financial assistance deemed necessary to repay a bond expiring on 6 November 2002, acting with a lack of good faith and unfairly.

As at the date of this Prospectus, the matter is still pending. Following a number of recent restructuring transactions in the UniCredit Group, without prejudice to the legitimation of UniCredit S.p.A. as defendant, the question in law, previously attributable to Banca di Roma S.p.A., was transferred to UniCredit Corporate Banking S.p.A.

The plaintiffs' claim in this proceeding appears groundless. In particular, it was found that no financial undertaking was assumed with Mr. Cragnotti. Based on this, no provisions have been made at this time.

Criminal proceedings with respect to the corporate defaults of the Cirio and Parmalat groups

Between the end of 2003 and the early months of 2004, criminal investigations of some former Capitalia Group (now UniCredit S.p.A.) employees and managers were conducted in relation to the insolvency of the Cirio group. The trials originated by these investigations, connected to the declaration of insolvency of the Cirio group, involved some other banking groups that, like the former Capitalia S.p.A., which had extended loans to the Cirio group. The Administrator of Cirio and many bondholders have joined the criminal judgment as civil claimants without specifying damages claimed.

In September 2007, these employees and managers were committed for trial. The first criminal hearing was fixed for 14 March 2008 before the Rome Court. During the later hearing of 14 May 2008 numerous civil claims were lodged within the criminal proceeding and examined in the following hearings of 6 and 11 June 2008 and 3 July 2008.

Additionally, at the beginning of May 2008, numerous Cirio bondholders and the Administrator of Cirio cited UniCredit as legally liable. In August 2008, several Cirio bondholders cited UniCredit Banca di Roma S.p.A. as legally liable.

At the hearing of 15 December 2008, UniCredit, as the successor in all matters for UniCredit Banca di Roma S.p.A. following the corporate transactions of 1 November 2008, was held legally liable. The proceeding is in the preliminary evidentiary hearing stage.

In 2003 and 2005, certain employees and managers of Capitalia S.p.A. (now UniCredit S.p.A.) were investigated in relation to the Parmalat group bankruptcy. These investigations led to three criminal proceedings: "Ciappazzi", "Parmatour" and "Eurolat". With regard to the first two, in July 2007 the employees and managers involved were committed for trial. The first criminal hearing took place on 14 March 2008 before the Parma Court. These proceedings are in the preliminary evidentiary hearing stage. In respect to the "Eurolat" proceeding, in April 2008 the manager involved was committed for trial. At the hearing held on 18 June 2008, the Court of Parma declared that it was not territorially competent and transferred the trial papers to the Court of Rome, which was considered competent.

Capitalia S.p.A., now UniCredit S.p.A., and UniCredit Banca di Roma S.p.A. were cited by the Court as being legally liable in the "Ciappazzi" and "Parmatour" proceedings. Mediocredito Centrale S.p.A. and Banco di Sicilia S.p.A. of the former Capitalia Group are defendants only in the "Ciappazzi" lawsuit.

As a result of the 1 November 2008 corporate matters, the following were constituted as parties with civil liability to the Parmalat bondholders:

- in the Ciappazzi proceeding: UniCredit S.p.A., UniCredit Medio Credito Centrale S.p.A., UniCredit Corporate Banking S.p.A., and UniCredit Banca di Roma S.p.A; and
- in the Parmatour proceeding: UniCredit S.p.A. and UniCredit Banca S.p.A.

The Parmalat group companies in administration and numerous Parmalat bondholders joined the criminal proceedings as civil claimants in all the above mentioned trials. All the civil claimants' lawyers reserved the right to quantify damages at the end of the first-instance trials. In the Eurolat proceedings the position of UniCredit as being legally liable and the civil claims of Parmalat group companies lapsed following transfer of the case to the Court of Rome.

Upon the conclusion of the settlement of 1 August 2008 between UniCredit and Parmalat S.p.A. along with the Parmalat group companies in administration, the latter waived or revoked the filing of all civil charges.

The staff members involved in the above trials are of the opinion that they carried on their business in a proper and legal manner. On the basis of the views of outside counsel as well as those of UniCredit, it is at present not possible to reliably estimate the contingent liability arising out of the three above cases, although there is a potential risk of legal liability for UniCredit due to the complexity of the imputations. This is also due to the fact that the "Ciappazzi" and "Parmatour" proceedings are at an early stage and that the Court of Parma has declared itself territorially incompetent to hear the "Eurolat" trial.

Qui tam Complaint against Vanderbilt and other UniCredit entities

Mr. Frank Foy and his wife filed as Qui tam Plaintiffs a claim on behalf of the State of New Mexico (USA) in connection with the sale of Vanderbilt Financial, LLC (**VF**) to the New Mexico Educational Retirement Board (**ERB**) and the State of New Mexico Investment Council (**SIC**). Mr. Foy says he served in the position as ERB Chief Investment Officer and that he retired in March 2008, and seeks, on behalf of the State, a total in excess of USD\$360 million in damages under the New Mexico Fraud Against Taxpayers Act on the grounds that VF and the other defendants mentioned below falsely obtained USD\$90 million in investment funds from ERB and SIC by (1) knowingly misrepresenting the safety and nature of the investments in VF; and (2) making improper payments to Governor Richardson and other State officials to obtain the investment. Mr. Foy claims that the State lost the entire initial investment of USD\$90 million and he seeks an additional USD\$30 million for lost earnings. Since alleged damages are automatically trebled under the New Mexico Fraud Against Taxpayers Act, the damages sought amount to more than US\$360 million.

Defendants include, inter alia, the following:

- Vanderbilt Capital Advisors, LLC (**VCA**), a wholly owned indirect Pioneer Investment Management USA Inc. (PIM US) subsidiary;
- Vanderbilt Financial, LLC (**VF**), a special purpose vehicle in which PIM US holds an 8% interest and which is managed by VCA;
- Pioneer Investment Management USA Inc. (**PIM US**), a wholly owned subsidiary of PGAM;
- Pioneer Global Asset Management S.p.A., a UniCredit wholly owned subsidiary;
- UniCredit S.p.A.;
- various Board members of VCA, VF, and PIM US; and
- law firms, auditing firms, investment banks, and State officials.

At this stage it is premature to make a preliminary assessment of the economic effects that the proceeding in question may have. The defendants have filed motions to dismiss, but the court has not set a date to hear any of these motions.

The petition was served upon the American companies VCA and Pioneer Investment Management USA Inc. (both part of the UniCredit Group), among others. Defendants who are individuals have also been served process.

On 24 September 2009 also UniCredit received service of process. Currently, Pioneer Global Asset Management S.p.A. has not been served.

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., in relation to interest-rate and currency derivatives 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., under a total of 206 contracts. The writ, 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 amount of approximately €276.6 million in addition to legal costs and interest (reserving the right to act on its own discretion to claim for the losses allegedly sustained), was served on 26 March 2007 in the Court of Bari as per the new company procedure. The proceeding is pending.

According to UniCredit Corporate Banking S.p.A. the claimed amount is disproportionate in respect of the actual litigation risk, since the amount claimed was determined by adding up all the debit entries made (in an amount that is much bigger than the effective one) without considering the credit entries which drastically reduce the claimant's demands. In addition, the writ of summons does not take into consideration the fact that a settlement (executed on 8 June 2005) had been reached referring to the challenged transactions, by which Divania S.r.l. declared that it would make no further claim for any reason with reference to the transactions now disputed. UniCredit Corporate Banking S.p.A. believes that the maximum amount at risk might be about €4 million, that is the sum that was debited to the plaintiff's account when the settlement was reached. To cover these risks, provisions have been made in an amount deemed to be in line with what the actual risk of litigation would now appear to be.

On 21 September 2009 Divania S.r.l. has filed a further suit against UniCredit Corporate Banking S.P.A. before the Court of Bari claiming damages for an amount equal to €68.9 million allegedly due to the UniCredit Corporate Banking's conduct in its derivatives related activities and, in general, in its management of its relationships with its clients. The action is closely connected to the pending one and UniCredit Corporate Banking entrusted the same legal counsel.

As the action is believed to be groundless since the crisis of the plaintiff company would not be attributable to the relationship with UniCredit Corporate Banking S.p.A. but to business and market related issues, no provisions have been made.

Fin.Part S.p.A. acquisition of Cerruti Holding Company

At the beginning of August 2008, the bankruptcy estate 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 another bank not belonging to the UniCredit Group claiming the defendants' contractual and tort liability. Fin.Part makes claim against each of the defendant banks – jointly and severally or, as a subordinate alternative, against each to the extent applicable – for compensation of damages allegedly suffered by Fin.Part and by its creditors as a result of the acquisition of Cerruti Holding Company S.p.A. (**Cerruti**).

The action is meant to challenge the legality of the conduct displayed during the course of the years 2000 and 2001 by the defendant banks – in concert among them – directed toward the acquisition of the fashion sector of the "Cerruti 1881" group by means of a complex economic and financial transaction focused particularly on the issuance of a bond for €200 million issued by a Luxembourg vehicle (C Finance s.a.).

It is maintained that Fin.Part was not able to absorb the acquisition of Cerruti with its own funds and that the financial obligations connected with the payment of the bond brought about the bankruptcy of the company.

The bankruptcy estate therefore requests compensation of damages in an amount equal to €211 million, which represents the difference between the liabilities (€341 million) and the assets (€130 million) of the bankruptcy estate, or else such other amount as the court may establish. It is also requested that the defendants make restitution of all the sums obtained as commissions, fees and interest in relation to the allegedly fraudulent activities.

On 23 December 2008, papers were filed that included the bankruptcy administrator of C Finance s.a. in the case. The trustee in bankruptcy asserts that the state of insolvency of C Finance, which was already in existence at the time of its establishment due to the issuance of the bond and the transfer of proceeds to Fin.Part in exchange for assets with no value, should be attributed to the banks involved in causing the financial difficulties since their executives contributed to devising and executing the transaction.

The banks are asked to provide compensation for damages equal to: (a) the total of bankruptcy liabilities (€308.1 million); or (b) amounts disbursed by C Finance to Fin.Part and Fin.Part International (€193 million); or (c) the amount collected by UniCredit (€123.4 million).

In another area, the banks are being asked to return the amounts collected (€123.4 million in addition to €1.1 million in commissions) due to the alleged invalidity and illegality of the case, or for an illegal reason involving all the parties to the complex deal purpose that the transaction in question allegedly turned into. This transaction was allegedly aimed at paying the debts of Fin.Part to UniCredit through the illegal transfer of wealth from C Finance to UniCredit. In addition, the transaction was allegedly a means for evading Italian laws on the limits and procedures for issuing bonds.

The UniCredit Group's legal counsel is assessing procedural aspects and the relationship between the accompanying petitions of the two bankruptcies including on the basis of the appeal pursuant to Article 101 of the Bankruptcy Law filed by the C Finance Bankruptcy against the Fin.Part Bankruptcy.

In January 2009 the judge rejected the plaintiff's application for attachment against the defendant, which is not a part of the Group, in a structured order that contained numerous findings deemed favourable to UniCredit's position as well.

The proceeding is continuing. However, as confirmed by counsel for the Group, the opposing claim appears to be unfounded as well as weak in terms of evidence. As a result, and also on the basis that the proceeding is just getting started, no provisions have been made at this time.

On 2 October 2009, the bankruptcy estate of Fin.Part sued UniCredit Corporate Banking (as assignee of, at that time, Credito Italiano) before the Court of Milan to seek to (i) have the payment of € 46 million made in September 2001 by Fin.Part in favour of Credito Italiano declared null and, consequently, (ii) the defendant bank to be ordered to refund such amount which refers to a position granted by the bank in the financial transaction already disputed in the previous proceeding.

The claim appears to be included in the claim already made by the Fin.Part assignee.

Seanox Oil P.T.

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

Seanox Oil P.T. instituted proceedings against the former Banca di Roma, claiming that it had suffered unjust loss deriving from the alleged illicit delivery to UBS Bank, Zurich, of one of the certificates, i.e. the one with a face value of US\$200 million that, having proved to be false, was withdrawn by the aforementioned UBS Zurich.

Accordingly, the plaintiff company requested compensation for damages quantified as the face value of the certificate of deposit withdrawn by UBS, or US\$200 million, i.e. around €158 million.

It should be noted that the second certificate with a face value of US\$300 million, not being dealt with by this action, was seized by the GDF (Italian financial police) at the vault of the aforementioned Milan branch of Banca di Roma on 18 November 2004 within the context of a criminal proceeding pending before the Court of Trento involving accusations in connection with the aforementioned certificates of deposit. This proceeding has been closed with the defendants' acquittal.

Banca di Roma duly appeared in court to dispute the reconstruction of events and to ask for the petitions filed to be wholly rejected as unfounded in law and in fact. Following a number of recent restructuring transactions in the UniCredit Group, the question in law that was the object of the lawsuit was transferred to UniCredit Banca S.p.A.

The proceeding is continuing. To cover these risks, provisions have been made in an amount deemed to be in line with what the actual risk of litigation would now appear to be.

Mario Malavolta

In July 2009 Mr. Mario Malavolta, also in his capacity as shareholder and director of Malavolta Corporate S.p.A. and its subsidiaries and affiliated companies, served a writ of summons to UniCredit in order to obtain damage compensation (about €135 million) allegedly due to the bank's misconduct. He is also claiming to declare the application of compounding interest on such companies' current accounts.

UniCredit Corporate Banking S.p.A. is the company of the Group entitled to be sued in this proceeding.

The plaintiff disputes the bank's conduct for the period 2006-2007. As a matter of fact he alleges the bank's unwarranted interference in the Malavolta companies decisional processes, which allegedly hindered the group reorganization and caused financial losses (today all the Malavolta Group companies are in bankruptcy or admitted to composition with creditors). However it is alleged that such facts and circumstances also caused heavy damages to Mr. Mario Malavolta, as shareholder and director of Malavolta Corporate S.p.A. and its subsidiaries.

The matter is currently being evaluated but in light of the fact that it is at an early stage no provisions have been made at this time.

Valauret S.A. litigation

In 2001, the plaintiffs (Valauret S.A. and Mr. Hughes de Lasteyrie du Saillant) bought shares in the French company Rhodia S.A. (Rhodia). They allege that they suffered losses due to a fall in the price of Rhodia shares in 2002 and 2003 and argue that the loss of value was caused by earlier fraudulent activities committed by the members of Rhodia's management board. In 2004, the plaintiffs first filed a petition claiming damages from Rhodia board members and auditors, as well as from Aventis S.A. (the alleged majority shareholder of Rhodia S.A.). Later they extended their claims step by step to a total of 14 defendants, the latest being Bank Austria (against which a petition was filed at the end of 2007) as successor of Creditanstalt AG. The plaintiffs allege the latter was involved in the alleged fraudulent activities. Valauret S.A. seeks damages in the amount of €129.8 million plus costs.

The allegations as to an involvement of Creditanstalt AG in the alleged fraudulent activities are completely unfounded. Since 2006, i.e. before the claims were extended to Bank Austria, there has been a stay of the civil proceedings due to the opening of criminal proceedings.

In December 2008, the Commercial Court of Paris also stayed proceedings against Bank Austria.

Treuhandanstalt litigation

There is pending against Bank Austria a suit relating to alleged claims of Treuhandanstalt, the German public body for new Lander reconstruction, the predecessor of the Bundesanstalt für vereinigungsbedingte Sonderaufgaben (**BVS**), against Bank Austria (Schweiz) AG, a former subsidiary of Bank Austria. Essentially, it is asserted that the former subsidiary participated in the embezzlement of funds from companies in the former East Germany. BvS seeks damages in the amount of approximately €128 million plus interest. Bank Austria believes that these claims are unfounded. Accordingly, no provisions have been made.

On 25 June 2008 the Zurich District Court rejected the request of BvS with the exception of the amount of approximately €320,000, which, in the opinion of the Court, represents the amount of a transaction that was incorrectly charged by the former Bank Austria subsidiary. Overall, the judgment confirmed that the former subsidiary's actions were appropriate.

As a result of the appeal brought by both parties, the lawsuit will proceed before the Zurich Court of Appeal.

Claims brought by the association of small shareholders of NAMA d.d. in bankruptcy and Slobodni sindikat

Two plaintiffs filed a complaint against Zagrebačka, the Croatian bank of the UniCredit Group, before the Municipal Court of Zagreb: (i) the association of small shareholders of NAMA d.d. in bankruptcy; and (ii) Slobodni Sindikat (free union).

The plaintiffs allege that Zagrebačka violated the rights of NAMA d.d., a minority shareholder of that bank until 1994, and that, among other things, Zagrebačka failed to distribute profits allegedly owed to NAMA d.d., allegedly in the form of shares of Zagrebačka.

The plaintiffs asked the court to order Zagrebačka to transfer to NAMA d.d. 44,858 shares of Zagrebačka or, alternatively, to pay Kn 897,160,000 (approximately €123.7 million), based on a price of Kn 20,000 per share.

UniCredit believes the plaintiffs are not entitled to pursue this claim as they were not shareholders of Zagrebačka nor were they entitled to the rights they allege were violated. Unicredit also believes that the alleged violations of the rights of the supposed, former minority shareholders never occurred, that the claims are without merit and that the plaintiffs failed to prove the existence of such rights or to justify the amount of damages.

At the first trial hearing, on 16 November 2009, the judge dismissed the suit, without addressing its merits, declaring that the plaintiffs did not have standing to sue. This decision could be appealed. UniCredit believes the claims to be unfounded and has recorded no provisions.

General Broker Service S.p.A.

In early February 2008, General Broker Service S.p.A. (**GBS S.p.A.**) initiated an arbitration proceeding against UniCredit aiming to obtain a declaration that the conduct of Capitalia and subsequently of UniCredit with respect to an existing insurance brokerage agreement allegedly

deriving from an exclusivity arrangement entered into in 1991, was illegitimate, and consequently obtain compensation for the losses incurred initially valued at €121.7 million and then increased to €197.1 million.

The 1991 agreement, which included an exclusivity obligation, had been entered into between GBS S.p.A. and Banca Popolare di Pescopagano e Brindisi. In 1992, this bank merged with Banca di Lucania, and became Banca Mediterranea. In 2000, it was merged with and into Banca di Roma S.p.A., which later became Capitalia (now UniCredit).

The brokerage relationship with GBS S.p.A. was initiated in the 1991 agreement, and was subsequently governed by (i) an insurance brokerage service agreement entered into between GBS S.p.A., AON S.p.A. and Capitalia in 2003 and extended until May 2007, and (ii) a similar more recent agreement entered into in May 2007 between the above mentioned brokers and Capitalia Solutions S.p.A., in its own name and on behalf of commercial banks as well as the companies of the former Capitalia group, including the holding company.

In July 2007, Capital Solutions S.p.A., on behalf of the entire Capitalia group, exercised its right of withdrawal from the agreement in accordance with the terms thereof. The agreement expressly states that in the event of a withdrawal, the entities/banks of the former Capitalia group shall not be obliged to make any payments for any reason whatsoever to the broker.

At the request of GBS S.p.A., an expert witness report was commissioned, and UniCredit has objected to the report's numerical findings and methodology.

The arbitrator's decision on 18 November 2009 in favor of GBS S.p.A., orders UniCredit to pay GBS S.p.A. approximately €144 million, plus legal fees and the cost of the expert witness report.

UniCredit intends to file an appeal against this award, as it deems it groundless.

Trade tax allocation dispute between Hypo Real Estate AG, Hypo Real Estate International AG and HVB

Until 2001, HVB was the parent company of a group that was consolidated for tax purposes. Each year it paid the competent authority all taxes due from the entire group and then recovered the paid sums from the individual companies. Hypo Real Estate Bank AG (and Hypo Real Estate Bank International AG, which has been merged into Hypo Real Estate Bank AG) which belonged to this group under trade-tax law, regarded the sum attributed to them as excessive and initiated legal proceedings at the District Court of Munich.

In a judgment of 29 April 2008, the Court ordered HVB to repay €75.5 million plus interest and costs, amounting to about €112 million. HVB, encouraged by the opinion of its external counsel, believes that the plaintiffs have no valid claim. It has therefore appealed against the first instance judgment. A decision is expected not earlier than two or three years from now. In any event, to be conservative, provisions have been made in an amount deemed to be in line with what the actual risk of litigation would now appear to be.

FinTeam s.r.o.

On 20 March 2009, FinTeam, spol. s.r.o. (**FinTeam**) filed a claim against UniCredit Bank Slovakia a.s. (**Bank Slovakia**) in relation to currency derivatives (forward and option transactions on the currency pair of EUR/SKK) based on a Master Treasury Agreement (**Agreement**) concluded between FinTeam and Bank Slovakia. FinTeam asserts that some transactions are invalid because they were not concluded in compliance with the Agreement. FinTeam claims that Bank Slovakia did not follow the correct negotiation process provided for by the Agreement. In particular, FinTeam asserts having

suffered losses because Bank Slovakia debited its account without any legal title. Consequently FinTeam did not have enough liquidity to fulfil Bank Slovakia's requests for additional collateral. FinTeam also asserts the request for additional collateral was unreasonable and contrary to the Agreement, and requests that Bank Slovakia be condemned to pay claims a total amount of €100 million for damages, profit losses and legal costs.

The lawsuit, pending in front of the District Court of Bratislava, is still in the preliminary phase and FinTeam has not submitted any evidence in relation to the exact calculation of damages and loss profit. Since, according to the Agreement, any dispute, claim or contradiction ought to be resolved by the Permanent Arbitration Court of the Slovak Bank Association (established by the Slovak Bank Association), Bank Slovakia will raise the objection that the claim was filed in a court without jurisdiction. Since Bank Slovakia believes the claim to be unfounded, no provision has been made.

Costanzo

The companies of the Costanzo group, originally controlled by the Costanzo family, have been in *amministrazione straordinaria* (a form of insolvency proceedings) since 1996. In February 2006, members of the Costanzo family filed a complaint for damages against the Administrator and the Italian Ministry for Productive Activities alleging they mismanaged the group's companies. The complaint also named the members of the Supervisory Committee of the *amministrazione straordinaria*, including the UniCredit Group subsidiaries IRFIS and Banca di Roma (now merged into UniCredit). The claim against the latter alleges the members of the Committee failed to carry out their supervisory duties. The amount claimed in the complaint is approximately €2.040 billion. After jurisdiction was denied in the ordinary courts, the complaint was re-filed in the administrative tribunal of the Lazio Region (TAR Lazio) in November 2009. UniCredit deems this complaint unfounded, and no provisions have been recorded.

Lehman

In 2008, several companies in the Lehman Brothers group were put into receivership in the countries where they operated. Specifically, in the US, 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 of this, UniCredit Group companies received a certain number of complaints concerning transactions involving financial instruments issued by companies of the Lehman group, or in any event related to such instruments. A careful review of these complaints is being conducted from time to time by the Group companies that received them. As at the date of this Prospectus the number of suits pending is basically not significant.

Madoff

In December 2008, Bernard L. Madoff, former chairman of the NASDAQ and owner of Bernard L. Madoff Investment Securities LLC (**BMIS**), an investment firm registered with the Securities Exchange Commission (**SEC**) and Financial Industry Regulatory Authority (**FINRA**), was arrested and charged with securities fraud for having conducted what has been described by US authorities as a "Ponzi scheme". That same month, a trustee (the **SIPA Trustee**) was appointed to oversee the liquidation of BMIS under the Securities Investor Protection Act. In March 2009, Bernard Madoff pleaded guilty to various criminal charges, including securities fraud, investment advisor fraud, and false filings with the SEC, and in June was sentenced to 150 years in prison.

In the wake of the discovery of Mr. Madoff's fraud, a number of civil and criminal proceedings have been filed in several countries against financial institutions and investment advisers by, or on behalf of, investors, by intermediaries acting in respect of their role as broker to investors, and by public

authorities in connection with the resulting losses. UniCredit and certain of its subsidiaries and certain of their respective employees or former employees are named in Madoff-related, ongoing proceedings and/or investigations in various countries around the world, including the United States and Austria.

Three putative securities class action lawsuits have been filed in the United States District Court for the Southern District of New York. The three law suits have been filed by purported investors in funds which were invested, either directly or indirectly, in BMIS. Defendants in the three lawsuits include, among others, Bank Austria, UniCredit, Pioneer Alternative Investments, Primeo Select Fund and Primeo Executive Fund.

In addition, several proceedings have been commenced in Austria in relation to the Madoff investments which name Bank Austria, Bank Privat AG and Primeo Fund as defendants. The claimants in these cases purportedly invested in funds which had invested directly or indirectly in BMIS. Bank Austria has also been named as a defendant in criminal proceedings. These proceedings were initiated by a complaint filed by the Financial Market Authority with the Austrian prosecutor. In the context of these criminal proceedings, additional complaints were filed by purported investors in funds that had invested directly or indirectly in BMIS. These complaints allege, among other things, that Bank Austria violated the Investment Fund Act as “prospectus controller” of the Primeo Fund.

In addition, various subsidiaries of UniCredit have received subpoenas or requests for information and/or documents from the SEC, the Department of Justice and the SIPA Trustee in the United States, the Financial Market Authority in Austria, the Irish Financial Services Regulatory Authority in Ireland and BaFin in Germany seeking information in connection with their investigations into Mr. Madoff's fraud. The recipients of these subpoenas or requests have been cooperating with such requests.

In addition to the ongoing Madoff-related actions against UniCredit and its subsidiaries and certain of their employees or former employees, additional proceedings have been threatened and may be initiated by plaintiffs and enforcement authorities in the future in these or other jurisdictions. Such pending or future proceedings could have, individually or in the aggregate, a material adverse effect on UniCredit.

All the currently pending proceedings are in their initial stages. UniCredit and the affected subsidiaries intend to defend these proceedings and assert defences against the Madoff-related claims directed at each of them. As at the date of this Prospectus, it is not possible to reliably predict their timing or outcome, or to estimate the liability, if any, resulting therefrom. Consistent with applicable international accounting principles, no provisions have been made at this time to cover the legal liability risk involved in Madoff-related litigation.

Other legal proceedings relating to the restructuring of the Group

Action challenging the validity of resolutions of the Extraordinary Shareholders' Meeting of 25 October 2006 approving HVB's transfer of its Bank Austria stake to UniCredit as well as confirmatory resolutions of the Annual General Shareholders' Meeting 30 July 2008

Numerous minority shareholders of HVB have filed petitions challenging the resolutions adopted by HVB's Extraordinary Shareholders' Meeting held on 25 October 2006 approving the Sale and Purchase Agreement transferring the shares held by HVB in Bank Austria and HVB Bank Ukraine to UniCredit, the shares held by HVB in International Moscow Bank and AS UniCredit Bank Riga to Bank Austria and the transfer of the Vilnius und Tallinn branches to AS UniCredit Bank Riga, asking the court to declare these resolutions null and void. In the course of this proceeding, some shareholders asked the Court to state that the Business Combination Agreement (**BCA**) entered into between HVB and UniCredit should be regarded as a de facto domination agreement.

The shareholders filed their lawsuits contesting alleged deficiencies in the formalities relating to the convocation and conduct of the Extraordinary Shareholders' Meeting of 25 October 2006 and that the sale price for the shares was allegedly inadequate. With the judgment of 31 January 2008, the Regional Court (Landesgericht) of Munich declared the resolutions passed at the Extraordinary Shareholders' Meeting held on 25 October 2006 to be null and void for formal reasons. The Court expressed no opinion on the problem of the alleged inadequacy of the purchase price, but expressed the opinion that the BCA entered into by HVB and UniCredit in June 2005 should have been submitted to the shareholders' meeting of HVB since it constituted a "concealed" domination agreement.

HVB filed an appeal against this judgment since it believed that there were no formal deficiencies regarding the Extraordinary Shareholders' Meeting and that the provisions of the BCA were not actually material with respect to the purchase and sale agreements submitted to the Extraordinary Shareholders' Meeting on 25 October 2006, and that the matter concerning valuation parameters did not affect the purchase and sale agreements submitted for the approval of the shareholders' meeting. HVB also believes that the BCA is not a "concealed" domination contract due in part to the fact that the BCA specifically prevents entering into a domination agreement for five years following the purchase offer.

In essence, the HVB shareholders' 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 under way, as well as the ability to further challenge the second-level judgment at the German Federal Court of Justice, HVB estimates that it will take about three to four years for this decision to become final.

Moreover, it should be noted that in using a legal tool recognised under German law, and pending the aforementioned proceedings, HVB asked the Annual Shareholders' Meeting held on 29 and 30 July 2008 to re-confirm the resolutions that were passed by the extraordinary shareholders' meeting of 25 October 2006 (so-called **Confirmatory Resolutions**). Such a confirmatory resolution would – if it were to become binding – make the alleged deficiencies irrelevant. The Annual Shareholders' Meeting approved this resolution, which, however, was in turn challenged by several shareholders in August 2008. In the oral hearing on 25 June 2009, the court indicated that it considers a rejection of the avoidance action; the court ruling is scheduled towards the end of 2009. In light of the challenges against the Confirmatory Resolutions, HVB again resorted to the so-called Confirmatory Resolution, this time with regard to both the resolutions passed in 2006 and the resolution passed in 2008. The company's shareholders' meeting approved this confirmatory resolution on 5 February 2009.

In light of the succession of the Confirmatory Resolutions of 30 July 2008, the appeal proceedings initiated by HVB against the judgment of 31 January 2008 were stayed until a final judgment is issued in relation to the confirmatory resolutions passed by the shareholders' meeting of HVB of 29 and 30 July 2008.

Squeeze-out resolution adopted at the Annual General Shareholders' Meeting 2007

The Annual General Meeting of HVB held on 27 June 2007 passed, inter alia, a resolution approving the transfer to UniCredit of the shares of minority shareholders in exchange for a cash settlement of €38.26 per share (a so-called **squeeze-out**). More than 100 shareholders filed suits challenging this resolution asking the Court to declare it null and void. In its judgment of 27 August 2008, the Regional Court of Munich rejected the action. Various minority shareholders have filed an appeal with the High Regional Court. Munich Higher Regional Court on 18 June 2009 released an "order of consideration" that it intends to reject the appeals without oral hearing and on 27 August 2009 the Munich Higher Regional Court rejected the appeals. The resolutions adopted at the Annual General Shareholders' Meeting 2007 – especially the squeeze-out resolution – therefore are binding (only under certain prerequisites awkwardly sustainable the same resolutions can be challenged at the Court of Federal Justice).

HVB, which was of the opinion that such lawsuits were clearly unfounded, filed an unblocking motion in December 2007 asking the Court to grant clearance for the transfer resolution to be entered in the Commercial Register, notwithstanding the pending claims of minority shareholders challenging this resolution.

The Munich Court accepted HVB's request on the grounds that the procedural deficiencies of the resolution in question claimed by the claimants were unfounded. The minority shareholders challenged the judgment in the Higher Regional Court, which, in its judgment of 3 September 2008, rejected the appeal (the so-called Unblocking Motion of second instance). The judgment is final, and no resort can be made to higher levels of jurisdiction.

Accordingly, on 15 September 2008, the Munich Company Register recorded the squeeze-out, and UniCredit became the shareholder of the entire share capital of HVB.

Squeeze-out of minority shareholders of HVB (Appraisal Proceedings)

About 300 former minority shareholders of HVB have filed a request to revise the price obtained in the squeeze-out (so-called **Appraisal Proceedings**). The dispute mainly concerns profiles regarding the valuation of HVB. The relevant proceedings are pending.

Squeeze-out of the minority shareholders of Bank Austria

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 registered in the Vienna Commercial Register on 21 May 2008. Accordingly, UniCredit became the owner of 99.995% of the Austrian bank's share capital with the resulting obligation to pay minority shareholders a total amount of about €1,045 million including the interest accrued on the squeeze-out price in accordance with local laws.

The minority shareholders received the payment for the squeeze-out and the corresponding interest.

Several shareholders who felt the price paid for the squeeze-out was not adequate have initiated proceedings at the Commercial Court of Vienna in which they are asking the Court to review the adequacy of the amount paid to them (Appraisal Proceedings). UniCredit immediately contested the competence of the Vienna court. In a judgment of 14 October 2008, the latter believed that it had the competence to review the case without going into the matter. UniCredit then contested the decision at the High Regional Court of Vienna. By a judgment issued on 6 July 2009 the latter established that the Commercial Court of Vienna is competent to hear the matter. UniCredit has filed a special appeal with the Supreme Court against the decision of the High Regional Court.

In addition to the legal proceedings before the Commercial Court of Vienna, a minority shareholder has concurrently commenced a fast-track procedure that will be decided by an arbitral panel.

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 30 June 2009, according to UniCredit's shareholder register, UniCredit's share capital, fully subscribed and paid-up, amounted to €8,389,869,514.00 and was divided into 16,779,739,028 shares of €0.50 each, including 16,755,500,045 ordinary shares and 24,238,983 savings shares.

As at 30 June 2009, the main shareholders as shown on UniCredit's shareholder register were as follows:

Main Shareholders	Ordinary Shares	%*
Mediobanca S.p.A. – Piazzetta E. Cuccia, 1 – Milan	968,306,892	5.779%
(of which with right of usufruct in favour of UniCredit S.p.A.)	967,564,061	5.775%
Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona, Via Forti Achille, 3/A, Verona, Italy	959,568,552	5.727%
Central Bank of Libya	728,019,022	4.345%
Carimonte Holding S.p.A., Via Indipendenza, 11, Bologna, Italy.....	528,667,846	3.155%
Fondazione Cassa di Risparmio di Torino, Via XX Settembre, 31, Torino, Italy	527,777,185	3.150%
Gruppo Allianz.....	368,741,846	2.201%
Barclays Global Investors UK Holdings Ltd Funds	367,058,710	2.191%

* As a percentage of common capital. UniCredit's by-laws set a limitation on voting rights at 5% 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 9 to 24 Directors.

The current Board is composed of 23 members. The Board of Directors, as an alternative to the Managing Director, may appoint a General Manager and one or more Deputy General Managers. In case one General Manager and no Managing Director have been appointed, the General Manager may be elected Director of the Bank. In such a situation, the Board of Directors shall appoint him Managing Director (and determine his responsibilities and term of office). The Board has appointed Mr. Alessandro Profumo as Managing Director and Chief Executive Officer. 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 Rampf (2)	Chairman
Luigi Castelletti (1)	Deputy Vice Chairman
Farhat Omar Bengdara (2)	Vice Chairman

Description of the Guarantor

Name	Position
Vincenzo Calandra Buonauro (1)	Vice Chairman
Fabrizio Palenzona (2)	Vice Chairman
Alessandro Profumo (3)	CEO
Giovanni Belluzzi (1)	Director
Manfred Bischoff (1)	Director
Enrico Tommaso Cucchiani (2)	Director
Donato Fontanesi (1)	Director
Francesco Giacomini (1)	Director
Piero Gnudi (1)	Director
Friedrich Kadmoska (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., Board Secretary's 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:

Dieter Rampl:

- Deputy 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
- Chairman of the Supervisory Board of Bayerische Börse AG
- Member of the Supervisory Board of FC Bayern München AG
- Deputy 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 Buonauro:

- 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
- Chairman of the International Monetary Conference – Washington

Description of the Guarantor

- 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 Dheoniano 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
- Member 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
- Deputy Chairman of Allianz Sigorta P&C
- Deputy Chairman of Allianz Hayat ve Emklilik AS
- Deputy Chairman of Allianz Compania de Seguros Spain, SA
- Deputy Chairman of Allianz Hellas Insurance Company SA
- 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
- Member of the USA – Italy Council
- 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 Giacomini:

- Chairman of the Fornace per l'innovazione Foundation
- Deputy 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 of the Fondo di Previdenza G. Caccianiga
- Managing Director of Balcania S.r.l.
- Member of the Board of Directors of Sviluppo Industrial Parks
- Contract Professor at the University of Trieste

Piero Gnudi:

- Chairman of the Board of Directors of ENEL 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.
- Deputy 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

Friedrich Kadrnoska:

- Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten
- Chairman of the Supervisory Board of Wienerberger AG
- Chairman of the Supervisory Board of Österreichisches Verkehrsbüro AG
- Chairman of the Supervisory Board of Allgemeine Baugesellschaft – A. Porr AG
- Chairman of the Supervisory Board of Wiener Börse AG
- Member of the Supervisory Board of Card Complete Service Bank AG
- Member of the Board of Directors of Wiener Privatbank SE
- Member of the Supervisory Board of Porr Technobau und Umwelt AG
- Member of the Supervisory Board of Porr Projekt und Hochbau AG
- Member of the Board of Directors of conwert Immobilien Invest SE

Description of the Guarantor

- Chairman of the Supervisory Board of WBAG AG

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

Luigi Maramotti:

- Chairman of Max Mara S.r.l.
- Deputy Chairman of Max Mara Fashion Group S.r.l.
- Deputy Chairman of Credito Emiliano S.p.A.
- Deputy 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.
- Deputy Chairman of Manifatture del Nord S.r.l.
- Deputy Chairman of Marella S.r.l.
- Deputy 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.

Description of the Guarantor

- Chairman of Unity R.E. S.p.A.

Antonio Maria Marocco:

- Lawyer
- Member of the Board of Directors of Reale Mutua di Assicurazioni
- Member of the Board of Directors of Reale Immobili S.p.A.
- Member of the Board of Directors and of the Audit Committee of Exor 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 Mediobanca S.p.A.
- Member of the Board of Directors and of the Executive Committee of RCS Media Group S.p.A.
- Deputy Chairman of Ciments Français S.A.

Lucrezia Reichlin:

- Full Professor of Economics, London School of Economics
- 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 Deutscher Verein für Versicherungswissenschaft e.V.
- 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

Theodor Waigel:

- Lawyer
- Member of the Supervisory Board of Aachen/Munchener Versicherung AG
- Member of the Supervisory Board of Aachen/Munchener Lebensversicherung AG
- Member of the Supervisory Board of Generali Vienna Holding 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
- Member of the European Advisory Board of Eli Lilly and Company, Lilly Corporate Center, Indianapolis
- Member of General Council of Generali Assicurazioni S.p.A. (Trieste)

Anthony Wyand:

- Member of the Board of Directors of AVIVA France
- Member of the Board of Directors of Société Foncière Lyonnaise SA
- Deputy Chairman of 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 Österreichische 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 K 5 Privatstiftung
- Member of the Executive Board of Mischek Privatstiftung
- Member of the Executive Board of Osterreichische Gewerkschaftliche Solidarität Privatstiftung
- Member of the Executive Board of Venus Privatstiftung
- Member of the Executive Board of Wiener Wissenschafts- und Technologiefonds
- Executive of AVZ GmbH (A&B Banken-Holding GmbH)
- Executive of AVZ Finanz Holding GmbH (A&B Beteiligungsverwaltung 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.

Description of the Guarantor

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
Dario Frigerio*	Head of Asset Management Division
Federico Ghizzoni	Head of CEE Divisionalisation Program
Karl Guha	Chief Risk Officer
Carmine Lamanda	Head of Institutional & Regulatory Strategic Advisory
Antonella Massari	Head of Group Identity & Communications
Marina Natale	Chief Financial Officer
Vittorio Ogliengo	Head of Financing & Advisory
Rino Piazzolla	Head of Human Resources
Gabriele Piccini	Head of Retail Italy Network Division
Edoardo Spezzotti	Head of CIB Integration Management
Andreas Wölfer	Head of Private Banking Division
Jan Bielecki	Country Chairman Poland
Willibald Cernko	Country Chairman Austria
Theodor Weimer	Country Chairman Germany

The business address for each of the foregoing members of senior management is UniCredit S.p.A., Piazza Cordusio 2, 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 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 2009. 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
Giorgio Loli	Chairman	2007
Gian Luigi Francardo	Statutory Auditor	2007
Siegfried Mayr	Statutory Auditor	2007
Aldo Milanese	Statutory Auditor	2007
Vincenzo Nicastro	Statutory Auditor	2007
Giuseppe Verrascina	Alternate	2007
Massimo Livatino	Alternate	2007

* On 2 December 2009 UniCredit announced that Mr Frigerio has resigned his position effective from 31 January 2010

Compensation

In the year ended 31 December 2008, the aggregate compensation paid to key management personnel (including the Board of Directors) was approximately €42 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 2008, 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.

Description of the Guarantor

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 2008 and 2007, and 30 June 2009. The levels and ratios in respect of 31 December 2007 have been calculated under the previous Basel I regime as Basel II methodologies were not yet implemented.

(in thousands of euro)	As at 30 June	As at 31 December	
	2009	2008	2007
Tier I Capital.....	37,207,766	34,842,625	34,800,741
Tier II Capital.....	18,915,780	20,178,262	21,301,504
Deductions.....	(1,077,335)	(1,067,940)	(1,075,163)
Total Capital.....	55,046,211	54,544,441	55,327,958
Tier I Ratio (Tier I Capital to total Risk-Weighted Assets).....	7.66%	6.80%	6.24%
Total Capital Ratio (Own Funds to total Risk-Weighted Assets)....	11.33%	10.64%	9.91%

RECENT DEVELOPMENTS

Results as at and for the nine months ended 30 September 2009

On 11 November 2009 the Board of Directors of UniCredit approved the consolidated results as of and for the nine months ended 30 September 2009 which showed a net profit of €1,331 million, €394 million of which recorded in the third quarter. The financial statements as at and for the nine months ended 30 September 2009, which are unaudited, are incorporated by reference in this Prospectus.

CIB results are reported for the first time in third quarter of 2009. In the first half of 2009 the composition of the business structures changed following transfer of the Asset Gathering business from Private to Retail Banking. Prior-year profit and loss data have been restated to take these changes in scope into account.

Operating income reached €21,129 million in the first nine months of 2009, an increase of 7.0 per cent. year on year on a like-for-like foreign exchange and perimeter basis, and €6,731 million in the third quarter of 2009, an increase of 5.9 per cent. year on year on a like-for-like foreign exchange and perimeter basis but down – also linked to seasonal effects and non-recurring items – with respect to the result recorded in the second quarter.

Net interest amounted to €13,287 million in the first nine months of 2009 and showed a solid trend year on year (an increase of 3.0 per cent. on a like-for-like foreign exchange and perimeter basis) despite the gradual impact of declining interest rates and the elimination, in third quarter of 2009, of overdraft charges. Net interest amounted to €3,927 million in the third quarter, a decrease of €783 million with respect to the second quarter of 2009, due, *inter alia*, to the lack of several non-recurring items.

Net commissions totalled €5,666 million in the first nine months of 2009, down with respect to the €7,003 million recorded in the same period of the prior year due to a sector wide drop in the volume of the assets managed (which had a negative impact on commissions from asset management, custody and administration). Net commission performance, however, quarter on quarter continued to show signs of recovery; both the third and second quarters of 2009 showed growth on the first quarter (net commissions in third quarter of 2009: €1,931 million; in the second quarter of 2009: €1,889 million; in the first quarter of 2009: €1,846 million). Furthermore, in the third quarter of 2009 both commissions from asset management, custody and administration and other commissions recorded an increase (rising 0.5 per cent. quarter on quarter and 3.3 per cent. quarter on quarter, respectively). At 30 September 2009, the volume of the assets managed by the Group's Asset Management Division amounted to €172 billion, an increase of 7.4 per cent. quarter on quarter.

Net trading, hedging and fair value income in the first nine months of 2009 amounted to €1,651 million, an improvement on the loss of €730 million reported in the same period in 2008. In the third quarter of 2009, net trading, hedging and fair value income amounts to €715 million, above the quarterly levels recorded in 2008, in first the quarter of 2009 and only below 2009's strong second quarter result.

Other net income in the first nine months of 2009 dropped with respect to the €379 million reported in the first nine months of 2008 to €304 million (€95 million of which in the third quarter).

The **operating costs** amounted to €11,521 million in the first nine months of 2009, a drop over the first nine months of 2008 (a decline of 8.0 per cent. year on year and a decline of 4.9 per cent. on a like-for-like foreign exchange and perimeter basis). Operating costs in the third quarter of 2009 amounted to €3,831 million, a decline over the €3,868 million reported in the second quarter of 2009.

Payroll costs dropped in the first nine months of 2009 by 6.9 per cent. year, on year like-for-like to €6,821 million. With regard to third quarter of 2009 there was a drop of 5.1 per cent. year on year on a like-for-like foreign exchange and perimeter basis and a slight increase on the prior quarter (which was positively impacted by non-recurring items related to the release of charges booked in 2008).

Other administrative expenses, net of recovery of expenses, reached €3,769 million in the first nine months of 2009, a drop with respect to the €4,026 million recorded in the same period 2008. In the third quarter of 2009 the item reached €1,230 million, a drop with respect to the €1,314 million recorded in the prior quarter due, in part, to a decrease in the VAT charged in intra-group operations (down €46 million quarter on quarter).

Amortisation, depreciation and impairment losses on intangible and tangible assets amounted to €931 million in the first nine months of 2009, compared to €959 million in the same period in 2008. In the third quarter of 2009 the figure reached €325 million, compared to €305 million in the second quarter of 2009 and €326 million in third quarter of 2008.

The **cost/income ratio** was 54.5 per cent. in the first nine months of 2009 (56.9 per cent. in the third quarter), an improvement compared to the same period of the prior year (60.2 per cent.).

Operating profit in the first nine months of 2009 reached €9,608 million, €2,900 million of which recorded in the third quarter (which is above the first quarter but below the second quarter).

The **provisions for risks and charges** rose year on year to €377 million in the first nine months of 2009, €154 million of which was recorded in the third quarter, largely in line with the prior quarter.

Net write-downs of loans and provisions for guarantees and commitments in the first nine months of 2009 amounted to €6,245 million, equivalent to a **cost of risk** of 141 basis points. In third quarter of 2009 the item dropped from the €2,431 million reported in the second quarter of 2009 to €2,164 million, despite provisions of €249 million in the Kazakhstan subsidiary.

Gross impaired loans at the end of September 2009 totalled €53.5 billion showing a slower growth rate quarter on quarter of 7.8 per cent. (compared to 10.7 per cent. in the second quarter of 2009). The lower growth rate relates to both gross non performing loans (**NPLs**) and less severe categories. Compared to the other quarters of 2009, restructured loans have stabilised, while **gross doubtful loans** and **gross NPLs** increased (by respectively 14.4 per cent. and 6.2 per cent.).

The **coverage ratio of total gross impaired loans** at 30 September 2009 was 49.1 per cent., reflecting a coverage ratio of NPLs of 62.7 per cent. and of other problem loans equal to 27.4 per cent.

Integration costs amounted to €321 million in the first nine months of 2009, attributable primarily to the second quarter of 2009 (in the third quarter of 2009 the figure amounted to €12 million). The increase in 2009 was linked largely to the strong commitment to greater staff efficiencies; at the end of September 2009 future rationalisation, which had already been agreed upon and which should be completed by 2010 had already been expensed to the income statement.

Net Investment income totalled €15 million in the first nine months of 2009, an increase of €2 million compared to the same period of the prior year. Net investment income in the third quarter of 2009 was a positive €181 million (due, above all, to capital gains on the disposal of real estate assets), compared to a loss of €133 million in the second quarter of 2009.

Income tax for the period amounted to €885 million in the first nine months of 2009 (€1,476 million in the same period of the prior year), with a tax rate of 33.0 per cent. Income tax in the third quarter of 2009 amounted to €188 million.

Minorities in the first nine months of 2009 amounted to €269 million compared to €407 million in the first nine months of 2008, which still did not reflect fully the purchase of the minority interests in HVB and UniCredit Bank Austria. In third quarter of 2009 minorities amounted to €103 million (€90 million in the previous quarter).

The impact of the **Purchase Price Allocation** dropped with respect to a loss of €226 million in the first nine months of 2008 and in the first nine months of 2009 amounted to a loss of €195 million, €66 million of which attributable to the third quarter.

In the first nine months of 2009, the **Group's portion of net profit** totalled €1,331 million compared to €3,507 million in the same period of the prior year which benefited, above all in the first two quarters, from a markedly more favourable macroeconomic scenario. The third quarter showed a much more contained drop as net profit fell from the €490 million recorded in the second quarter of 2009 and the €447 million recorded in the first quarter of 2009 to €394 million.

Total assets amounted to €958 billion at 30 September 2009 (€983 billion at 30 June 2009) with a further decline of 2.5 per cent. quarter on quarter which brings the drop from the beginning of 2009 to 8.4 per cent. (a decline of €88 billion). The reduction in the balance sheet items was achieved by paying special attention to certain areas. From the beginning of the year the **trading assets** have been reduced by €59 billion, reaching €146 billion at the end of September 2009 (with a decline of 7.4 per cent. quarter on quarter in the third quarter of 2009) and €58 billion net derivatives. **Net interbank funding** fell by 72.3 per cent. from the beginning of the year to €27 billion (a drop of €70 billion, €23 billion of which in the third quarter). Due to the decline in total assets and the increase in net equity, the Group's **leverage ratio**¹ in the third quarter of 2009 showed further improvement reaching 25.4 (23.0 pro-forma reflecting the capital increase announced on 29 September 2009).

The Core Tier 1 ratio increased from 6.85 per cent. at 30 June 2009 to 7.55 per cent. at 30 September 2009, due to the positive performance of net profit, reserves and risk weighted assets. Risk weighted assets showed a further decline falling €26.5 billion quarter on quarter to €459.3 billion with a drop quarter on quarter of 35.9 per cent. in the assets weighed for market risk, as well as a drop in assets weighted for credit risk. The Tier 1 ratio was 8.39 per cent. with a Total Capital Ratio of 12.08 per cent. (pro-forma reflecting the capital increase announced on 29 September 2009 – and before any decision on dividend distribution - Core Tier 1 was 8.39 per cent. and Tier 1 was 9.24 per cent.).

At the end of September 2009 the Group's **organisation** consists of a staff² of 166,421, a further reduction of 1,586 over 30 June 2009 and of 8,098 over 31 December 2008. The reduction in the first nine months of 2009 involves all the business areas.

The Group's **network** at the end of September 2009 consists of 9,892 branches (9,974 at June 2009 and 10,251 at December 2008).

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

² "Full time equivalent". In the figures reported the companies consolidated proportionately, including the KFS Group, are included at 100 per cent..

UniCredit Group: Condensed Balance Sheet

(€ millions)				
	AMOUNTS AS AT		CHANGE	
	30 September 2009	31 December 2008	AMOUNT	PERCENT
	(unaudited)	(audited)		
Assets				
Cash and cash balances	6,442	7,652	-1,210	-15.8 per cent.
Financial assets held for trading	145,519	204,890	-59,371	-29.0 per cent.
Loans and receivables with banks	97,288	80,827	+16,461	+20.4 per cent.
Loans and receivables with customers	565,457	612,480	-47,023	-7.7 per cent.
Financial investments	67,397	65,222	+2,175	+3.3 per cent.
Hedging instruments	14,442	8,710	+5,732	+65.8 per cent.
Property, plant and equipment	11,805	11,936	-131	-1.1 per cent.
Goodwill	20,381	20,889	-508	-2.4 per cent.
Other intangible assets	5,259	5,593	-334	-6.0 per cent.
Tax assets	12,323	12,392	-69	-0.6 per cent.
Non-current assets and disposal groups classified as held for sale	590	1,030	-440	-42.7 per cent.
Other assets	10,806	13,991	-3,185	-22.8 per cent.
Total assets	957,709	1,045,612	-87,903	-8.4 per cent.

Description of the Guarantor

(€ millions)				
	AMOUNTS AS AT		CHANGE	
	30 September 2009	31 December 2008	AMOUNT	PERCENT
	(unaudited)	(audited)		
Liabilities and shareholders' equity				
Deposits from banks	124,112	177,677	- 53,565	-30.1 per cent.
Deposits from customers and debt securities in issue	590,103	591,290	-1,187	-0.2 per cent.
Financial liabilities held for trading	128,669	165,335	- 36,666	- 22.2 per cent.
Financial liabilities designated at fair value	1,647	1,659	-12	-0.7 per cent.
Hedging instruments	13,268	9,323	+3,945	+42.3 per cent.
Provisions for risks and charges	8,175	8,049	+126	+1.6 per cent.
Tax liabilities	6,587	8,229	-1,642	-20.0 per cent.
Liabilities included in disposal groups classified as held for sale	298	537	-239	-44.5 per cent.
Other liabilities	22,442	25,272	-2,830	-11.2 per cent.
Minorities	3,108	3,242	-134	-4.1 per cent.
Group shareholders' equity	59,300	54,999	+4,301	+7.8 per cent.
- <i>Capital and reserves</i>	57,564	51,665	+5,899	+11.4 per cent.
- <i>Available-for-sale assets fair value reserve and cash-flow hedging reserve</i>	405	-678	+ 1,083	-159.7 per cent.
- <i>Net profit</i>	1,331	4,012	-2,681	-66.8 per cent.
Total liabilities and shareholders' equity	957,709	1,045,612	-87,903	-8.4 per cent.

UniCredit Group: Condensed Income Statement

	(€ millions)				
	For the nine months ended 30 September			CHANGE	
	2009	2008	€m	PERCENT	ADJUSTED ¹
	(unaudited)	(unaudited)			
Net interest	13,287	13,550	-263	-1.9 per cent.	+ 3.0 per cent.
Dividends and other income from equity investments	221	579	-358	-61.8 per cent.	- 60.8 per cent.
Net Interest income	13,508	14,129	-621	-4.4 per cent.	+ 0.5 per cent.
Net fees and commissions	5,666	7,003	-1,337	-19.1 per cent.	-15.6 per cent.
Net trading, hedging and fair value income	1,651	-730	+2,381	n.s.	n.s.
Net other expenses/Income	304	379	-75	-19.8 per cent.	-18.0 per cent.
Net non-interest income	7,621	6,652	+969	+14.6 per cent.	+ 21.0 per cent.
OPERATING INCOME	21,129	20,781	+348	+1.7 per cent.	+7.0 per cent.
Payroll costs	-6,821	-7,533	+712	-9.5 per cent.	-6.9 per cent.
Other administrative expenses	-4,087	-4,443	+356	-8.0 per cent.	-4.8 per cent.
Recovery of expenses	318	417	-99	-23.7 per cent.	-23.8 per cent.
Amortisation, depreciation and impairment losses on intangible and tangible assets	-931	-959	+28	-2.9 per cent.	+2.2 per cent.
Operating costs	-11,521	-12,518	+997	-8.0 per cent.	-4.9 per cent.
OPERATING PROFIT	9,608	8,263	+1,345	+ 16.3 per cent.	+25.1 per cent.
Provisions for risks and charges	-377	-179	-198	+110.6 per cent.	+113.2 per cent.
Integration costs	-321	-109	-212	+194.5 per cent.	+206.5 per cent.

Description of the Guarantor

(€ millions)					
	For the nine months ended 30 September			CHANGE	
	2009	2008	€m	PERCENT	ADJUSTED ¹
	(unaudited)	(unaudited)			
Net write-downs of loans and provisions for guarantees and commitments	-6,245	-2,372	- 3,873	+163.3 per cent.	+171.5 per cent.
Net income from investments	15	13	+ 2	+15.4 per cent.	-16.2 per cent.
PROFIT BEFORE TAX	2,680	5,616	-2,936	-52.3 per cent.	-43.9 per cent.
Income tax for the period	-885	-1,476	+ 591	-40.0 per cent.	-35.7 per cent.
NET PROFIT	1,795	4,140	-2,345	-56.6 per cent.	-46. per cent.
Minorities	-269	-407	+ 138	- 33.9 per cent.	-24.5 per cent.
NET PROFIT ATTRIBUTABLE TO THE GROUP BEFORE PPA	1,526	3,733	-2,207	-59.1 per cent.	-49.2 per cent.
Purchase Price Allocation effect ²	-195	-226	+ 31	-13.7 per cent.	-13.1 per cent.
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,331	3,507	-2,176	-62.0 per cent.	-51.6 per cent.

Notes:

First nine months 2008 figures published in the Consolidated Quarterly Report as at 30 September 2003 were modified as follows:

- completion of PPA (Purchase Price Allocation), which also changed net profit attributable to the Group;
- reclassification of results of private equity investments from "Net trading, hedging and fair value income" to "Net income from investments".

2009 first nine months figures include the reclassification of private equity Investments results.

1. Changes at constant foreign exchange rates and perimeter.
2. Mainly due to business combination with Capitalia.

Sale of stake in Banco De Sabadell

On 10 November 2009, UniCredit announced that it had completed the sale of 38,760,548 shares of Banco de Sabadell, S.A., equal to approximately 3.23005% of the share capital and representing the entire stake held by UniCredit. The sale price per share was equal to €4.35, for an aggregate amount of €168.6 million. This disposal of the entire stake originally equal to 4.08 per cent., as a result of the above mentioned sale and a previous sale of a smaller stake to an institutional investor, generated a net capital gain of approximately €30 million.

Approval of share capital increase

On 29 September 2009, the Board of Directors of UniCredit unanimously resolved to propose a share capital increase by way of a rights issue for a total maximum amount, including share premium, of up to €4 billion, aimed at strengthening the Group's capital base. The positive impact of the share capital increase on the Group's Core Tier 1 ratio, which stood at 6.85% as of 30 June 2009, would be approximately 80 bps.

The proposed capital increase is expected to take place by way of an issue of ordinary shares providing for regular beneficial ownership to be offered on a pre-emptive basis to existing ordinary and saving shareholders of UniCredit, pursuant to art. 2441 of the Italian Civil Code.

An Extraordinary Shareholders' Meeting held on 16 November 2009 approved the capital increase proposal, granting the Board of Directors the necessary powers to finalise the terms and conditions of the capital increase, and, closer to the date of launch of the transaction, to determine the subscription price for the shares (including the share premium), the number of shares to be issued and the related subscription ratio.

Subject to receiving the necessary authorisations from the relevant authorities, it is expected that the transaction should be completed by the end of the first quarter of 2010.

BofA Merrill Lynch and UniCredit Corporate & Investment Banking will act as Joint Global Coordinators and Joint Bookrunners in the context of the offer. In addition, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, Mediobanca and UBS Investment Bank will act as Joint Bookrunners. The Joint Bookrunners have committed, subject to standard terms and conditions for this type of transaction, to underwrite the total value of the capital increase.

In addition to the approval of the proposal described above, the Board of Directors of UniCredit resolved not to proceed with the issuance of capital securities to be subscribed by the Italian Ministry of Economy and Finance and by the Austrian Ministry of Finance.

In light of the strategic nature of the Group's activities in Austria and in the CEE, the Board of Directors of UniCredit also approved the strengthening of Bank Austria's capital base through the subscription of a capital increase of up to €2 billion which will be resolved upon by UniCredit Bank Austria.

Moody's rating

On 6 August 2009, UniCredit announced that, on that date, Moody's changed UniCredit's Bank Financial Strength Rating (BFSR) to C, with negative outlook, from C+. Long and short term counterparty credit rating (Aa3/P-1) were unaffected by this rating action and outlook remained stable.

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 2007 and 2008 (prepared in accordance with IFRS/IAS), which have been audited by KPMG S.p.A., and the unaudited consolidated financial statements of UniCredit as at and for the six months ended 30 June 2008 and 2009, were subject to limited review by KPMG. Such financial statements, together with the audit and review 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

	As at 31 December		As at 30 June
	2007	2008	2009
	(Audited)		(Unaudited)
	(in thousands of euro)		
Balance sheet – Assets			
Cash and cash balances	11,072,942	7,652,446	6,514,087
Financial assets held for trading	202,343,138	204,889,888	157,122,010
Financial assets at fair value through profit or loss	15,351,953	15,635,822	15,073,387
Available for sale financial assets	30,959,604	28,700,290	30,194,436
Held-to-maturity investments	11,731,544	16,882,450	14,465,854
Loans and receivables with banks	100,011,816	80,826,952	93,087,780
Loans and receivables with customers.....	575,062,828	612,480,413	585,087,090
Hedging derivatives.....	2,512,829	7,050,815	10,973,245
Changes in fair value of portfolio hedged items (+/-)	(71,394)	1,659,560	2,006,621
Investments in associates and joint ventures	4,185,602	4,003,082	3,691,392
Insurance reserves attributable to reinsurers	115	234	179
Property, plant and equipment.....	11,871,842	11,935,451	12,198,146
Intangible assets	26,270,858	26,481,917	25,762,545
of which – goodwill	20,341,684	20,888,714	20,411,923
Tax assets.....	11,548,448	12,391,879	12,033,993
(a) current tax assets.....	3,730,327	1,927,915	1,982,296
(b) deferred tax assets	7,818,121	10,463,964	10,051,697
Non-current assets and disposal groups classified as held for sale	6,374,480	1,030,338	2,932,216
Other assets.....	12,608,842	13,990,012	11,568,577
Total assets	1,021,835,447	1,045,611,549	982,711,558
Balance sheet – Liabilities			
Deposits from banks.....	160,601,450	177,676,704	142,891,096
Deposits from customers.....	390,400,462	388,830,766	381,812,623
Debt securities in issue.....	239,838,731	202,458,800	208,871,285
Financial liabilities held for trading	113,656,467	165,335,178	135,339,635
Financial liabilities at fair value through profit or loss.....	1,966,541	1,659,144	1,632,853
Hedging derivatives.....	5,569,302	7,751,270	8,581,842
Changes in fair value of portfolio hedged items (+/-)	(625,168)	1,572,065	2,293,398
Tax liabilities.....	7,651,999	8,229,156	6,212,647
(a) current tax liabilities.....	2,689,512	2,827,262	1,364,914

	As at 31 December		As at 30 June
	2007 (Audited)	2008	2009 (Unaudited)
	(in thousands of euro)		
(b) deferred tax liabilities.....	4,962,487	5,401,894	4,847,733
Liabilities included in disposal groups classified as held for sale.....	5,026,513	536,729	2,543,939
Other liabilities.....	24,504,837	23,701,333	22,017,773
Provision for employee severance pay.....	1,528,111	1,415,023	1,346,602
Provisions for risks and charges	9,104,572	8,048,556	8,142,268
(a) post-retirement benefit obligations.....	4,838,978	4,553,022	4,585,701
(b) other provisions.....	4,265,594	3,495,534	3,556,567
Insurance reserves.....	177,848	156,433	148,395
Revaluation reserves.....	1,134,778	(1,740,435)	(2,315,529)
Reserves.....	10,626,009	11,978,805	14,307,584
Share premium.....	33,707,908	34,070,282	36,581,540
Issued capital.....	6,682,683	6,684,287	8,389,870
Treasury shares (-).....	(363,111)	(5,993)	(7,196)
Minorities (+/-).....	4,744,179	3,241,658	2,984,087
Net Profit or Loss (+/-).....	5,901,336	4,011,788	936,846
Total liabilities and shareholders' equity	1,021,835,447	1,045,611,549	982,711,558

Note:

Figures as at 31 December 2008 are different from the published consolidated financial statements as at and for the year ended 31 December 2008 due to the reclassification of exchange rate differences on net foreign investments (subsidiaries, associate companies of joint ventures) in "exchange rate differences" of Item 140. "Revaluation reserves". The same differences were formerly included in other reserves from profits of the item 170. "Reserves".

Figures as at December 2007 are different from those published in the consolidated financial statements as at and for the year ended 31 December 2007 due to amounts reclassified (PPA completion, treatment of leases in "assets under construction" and "assets awaiting lease", reclassification of Mediobanca investment).

UNICREDIT CONSOLIDATED INCOME STATEMENT

	Year ended		Six months ended	
	31 December		30 June	
	2007**	2008	2008	2009
	(Audited)		(Unaudited)	
	(in thousands of euro)			
Interest income and similar revenues.....	42,021,881	54,112,514	24,848,001	19,266,778
Interest expense and similar charges.....	(28,056,647)	(36,068,639)	(16,151,846)	(10,042,822)
Net interest margin.....	13,965,234	18,043,875	8,696,155	9,223,956
Fee and commission income	11,353,707	11,124,905	5,836,229	4,627,048
Fee and commission expense	(1,923,865)	(2,032,201)	(1,034,412)	(891,669)
Net fees and commissions.....	9,429,842	9,092,704	4,801,817	3,735,379
Dividend income and similar revenue	1,055,569	1,665,940	960,796	490,894
Gains and losses on financial assets and liabilities held for trading	541,281	(2,522,142)	(941,515)	548,913
Fair value adjustments in hedge accounting	21,754	16,685	18,913	25,989
Gains and losses on disposal of	1,285,979	198,135	83,885	255,408
(a) loans	13,654	(6,737)	6,605	31,619
(b) available-for-sale financial assets.....	1,274,808	169,603	82,650	93,360
(c) held-to-maturity investments	647	(236)	(142)	(1,790)
(d) financial liabilities.....	(3,130)	35,505	(5,228)	132,219
Gains and losses on financial assets/liabilities at fair value through profit or loss	(3,355)	(349,957)	(71,012)	(143,325)
Operating income.....	26,296,304	26,145,240	13,549,039	14,137,214
Impairment losses on:	(2,329,737)	(4,666,603)	(1,346,394)	(4,380,062)
(a) loans	(2,140,868)	(3,581,953)	(1,256,617)	(3,958,378)
(b) available-for-sale financial assets.....	(113,020)	(904,370)	(34,637)	(293,432)
(c) held-to-maturity investments	(54,383)	(76,593)	23	(19)
(d) other financial assets	(21,466)	(103,687)	(55,163)	(128,233)
Net profit from financial activities	23,966,567	21,478,637	12,202,645	9,757,152
Premiums earned (net).....	114,921	111,745	55,219	47,164
Other income (net) from insurance activities	(82,431)	(86,187)	(43,366)	(39,186)
Net profit from financial and insurance activities.....	23,999,057	21,504,195	12,214,498	9,765,130
Administrative costs:.....	(14,201,269)	(16,084,024)	(8,133,374)	(7,601,481)
(a) staff expense	(9,096,947)	(10,025,362)	(5,139,349)	(4,807,754)
(b) other administrative expense.....	(5,104,322)	(6,058,662)	(2,994,025)	(2,793,727)
Provisions for risks and charges	(622,161)	(254,425)	(16,208)	(224,625)
Impairment/write-backs on property, plant and equipment	(841,084)	(818,577)	(416,016)	(416,203)
Impairment/write-backs on intangible assets	(620,015)	(714,554)	(345,198)	(314,016)
Other net operating income	883,164	995,232	571,756	441,800
Operating costs.....	(15,401,365)	(16,876,348)	(8,339,040)	(8,114,525)
Profit (loss) of associates.....	223,093	415,912	215,453	31,838
Gains and losses on tangible and intangible assets measured at fair value	-	(84,302)	(16,451)	(29,833)
Impairment of goodwill.....	(144,271)	(750,000)	-	-
Gains and losses on disposal of investments...	530,345	785,279	208,388	87,209
Total profit or loss before tax from continuing operations	9,206,859	4,994,736	4,282,848	1,739,819

	Year ended 31 December		Six months ended 30 June	
	2007** (Audited)	2008	2008 (Unaudited)	2009
	(in thousands of euro)			
Tax expense (income) related to profit or loss from continuing operations	(2,588,634)	(465,434)	(1,004,608)	(637,143)
Total profit or loss after tax from continuing operations	6,618,225	4,529,302	3,278,240	1,102,676
Total profit or loss after tax from discontinued operations.....	-	-	-	-
Net Profit or Loss for the year	6,618,225	4,529,302	3,278,240	1,102,676
Minorities.....	(716,889)	(517,514)	(303,208)	(165,830)
Net Profit or Loss attributable to the Parent Company.....	5,901,336	4,011,788	2,975,032	936,846
Earnings per share (€).....	0.533	0.304	0.190	0.057
Diluted earnings per share (€)	0.532	0.304	0.190	0.057

** Includes income statement figures for the former Capitalia Group starting from 1 October 2007

Note:

Comparative 2008 first-half figures published in the 2009 first-half report were modified due to completion of PPA (Purchase Price Allocation), which also changed net profit attributable to the Group and consequently also earnings per share.

The 2007 Income Statement includes quarterly data of the former Capitalia Group and is different from the Income Statement published in 2007 due to PPA ("Purchase Price Allocation") completion, which changed the following items: Impairment/Write-backs on intangible assets, Tax (Expense) income related to profit or loss from continuing operations, Net Profit (Loss) for the year, Minorities, Net profit or Loss attributable to the Parent Company.

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 non-Italian resident issuers.

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

Taxation

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.

Payments made by an Italian resident guarantor

With respect to payments on the Notes made to certain Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to an advance withholding tax at a rate of 12.5 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In case of payments to non-Italian resident Noteholders, a final withholding tax may be applied at (a) 12.5 per cent. if the payment is made to non-Italian resident Noteholders other than those mentioned under (b); or (b) 27 per cent. if the payment is made to non-Italian resident Noteholders which are resident in States or territories having a preferential tax regime pursuant to Italian tax law. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax. In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

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, Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

Non-Italian Resident Noteholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if the Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

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.

Taxation

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 the Notes are not subject to Italian taxation, provided that the Notes (a) are transferred on regulated markets, or (b) if not transferred on regulated markets, are held outside Italy.

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 EUR 1,000,000;

Taxation

- (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 EUR 100,000; and
- (c) any other transfer is 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

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 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**), each Member State of the European Union (a **Member State**), including Belgium from 1 January 2010, is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, 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).

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

Taxation

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

Bayerische Hypo- und Vereinsbank AG, Deutsche Bank AG, London Branch and Société Générale (the **Joint Lead Managers**) and Banco Santander, S.A., ING Belgium SA/NV and Lloyds TSB Bank plc (the **Co-Lead Managers** and, together with the Joint Lead Managers, the **Managers**) have, pursuant to a subscription agreement relating to the Notes (the **Subscription Agreement**) dated 9 December 2009 and made between the Issuer, the Guarantor and the Managers, agreed to subscribe for the Notes at the issue price of 100 per cent. of their principal amount. The Issuer and the Guarantor have also agreed to reimburse the Managers for certain of the expenses incurred in connection with the management of the issue of the Notes. The 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 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 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 or the Guarantor; 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 solicitation of investments pursuant to Article 100 of the Financial Services Act and article 34-ter of Regulation No. 11971.

Subscription and Sale

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.

The Grand Duchy of Luxembourg

In relation to the Grand Duchy of Luxembourg (**Luxembourg**), which has implemented the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the **Prospectus Directive**) by the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (the **Prospectus Act 2005**), each of the Managers has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in Luxembourg other than:

- (a) in the period beginning on the date of publication of this Prospectus in relation to those Notes which has been approved by the *Commission de surveillance du secteur financier* (the **CSSF**), as competent authority in Luxembourg or, where appropriate, approved in another Member State of the European Economic Area which has implemented the Prospectus Directive and notified to the CSSF, all in accordance with the Prospectus Directive and ending on the earlier of the date on which the offer has expired pursuant to the provisions of this Prospectus or the date which is 12 months after the date of the publication of this Prospectus;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and retirement funds and their management companies, insurance undertakings and commodity dealers as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities);
- (c) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations);
- (d) at any time, to any legal entity which has two or more of (i) an average number of employees during the financial year of at least 250, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (e) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Prospectus Act 2005) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF;
- (f) at any time, to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Act 2005) subject to obtaining the prior consent of the Managers; or
- (g) at any time, in any other circumstances falling within article 5.2 of the Prospectus Act 2005,

provided that no such offer of Notes referred to in (b) to (g) above shall require the Issuer or the Managers to publish a prospectus pursuant to article 5 of the Prospectus Act 2005 or to supplement a prospectus pursuant to article 13 of the Prospectus Act 2005.

Subscription and Sale

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in Luxembourg means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

General

No action has been taken by the Issuer, the Guarantor or the 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 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 27 November 2009. The Guarantee has been given pursuant to the Guarantor's By-laws.

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 XS0470937243 and the Common Code is 047093724.

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 section "Description of the Guarantor – Recent Developments" above, there has been no significant change in the financial or trading position of the Issuer since 31 December 2008 or the Guarantor since 30 September 2009 and there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor since 31 December 2008.

Litigation

Save as disclosed in this Prospectus, neither the Issuer nor the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor 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, the Guarantor 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 2007 and 2008, without qualification, in accordance with generally accepted auditing standards in Italy.

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 external auditors of the Issuer are KPMG Audit S.à r.l., 9, Allée Scheffer, L-2520 Luxembourg, who have audited the annual consolidated financial statements as at and for the financial years ended 31 December 2007 and 2008 (according to IFRS as adopted by the European Union) without qualification, in accordance with generally accepted auditing standards in Luxembourg. KPMG Audit S.à r.l. is a member of the Institut des Réviseurs d'Entreprises.

The independent auditors have no material interest in the Issuer or the Guarantor.

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."

General Information

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) copy of this Prospectus (including any supplement to this Prospectus);
- (b) Subscription Agreement;
- (c) Subordinated Guarantee;
- (d) Agency Agreement;
- (e) By-laws of the Issuer and the Guarantor;
- (f) Audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2007 and 2008;
- (g) Audited consolidated annual financial statements of the Guarantor as at and for the years ended 31 December 2007 and 2008;
- (h) Unaudited consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2008 and 2009;
- (i) Unaudited consolidated interim financial statements of the Guarantor as at and for the nine months ended 30 September 2008 and 2009; and
- (j) The most recent available consolidated unaudited interim and audited annual financial statements of the Issuer and the Guarantor as appropriate,

in each case, where applicable, with an English translation thereof.

ISSUER

UniCredit International Bank (Luxembourg) S.A.

8-10, rue Jean Monnet
L-2180 Luxembourg
Grand Duchy of Luxembourg

GUARANTOR

UniCredit S.p.A.

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