

This document constitutes a supplement (the "**Supplement**") pursuant to Article 13 of the Luxembourg Law of 10 July 2005 on prospectuses for securities as amended by the Law of 3 July 2012 (the "**Prospectus Law**")



**Supplement dated 19 February 2019**

(the "**Supplement**")

to the following base prospectuses

**Base Prospectus**

for the issuance of

**Single Underlying and Multi Underlying Securities  
(with partial capital protection)**

under the

Euro 50,000,000,000 Debt Issuance Programme of

**UniCredit Bank AG,**

and the

Euro 1,000,000,000 Issuance Programme of

**UniCredit S.p.A.**

dated

**7 December 2018**

and

**Base Prospectus**

for the issuance of

**Single Underlying and Multi Underlying Securities  
(without capital protection)**

under

the Euro 1,000,000,000 Issuance Programme of

**UniCredit S.p.A.**

dated

**4 February 2019**

(each a "**Base Prospectus**" and together the "**Base Prospectuses**")

This Supplement is to be read and construed in conjunction with the Base Prospectuses and, in connection with any issue of securities thereunder, with the relevant Final Terms. Therefore, with respect to issues under the Base Prospectuses, references in the Final Terms to the Base Prospectuses are to be read as references to the relevant Base Prospectus as amended and supplemented.

UniCredit S.p.A. ("**Issuer**") accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that this is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Investors who have already agreed to purchase or subscribe for securities (the "**Securities**") which are issued under the Base Prospectuses before the Supplement is published shall have the right, exercisable within two working days after the publication of the Supplement, to withdraw their acceptances (Article 13 section 2 of the Prospectus Law). Investors may therefore withdraw their declarations up until 21 February 2019

This Supplement, the Base Prospectuses as well as any further supplements to the Base Prospectuses are published on the website [www.investimenti.unicredit.it](http://www.investimenti.unicredit.it) or any successor page. Furthermore, this Supplement and the documents incorporated by reference into the Base Prospectuses by virtue of this Supplement will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Commission de Surveillance du Secteur Financier, Luxembourg ("**CSSF**") is the competent authority for the approval of this Supplement.

**Purpose of the Supplement**

The purpose of the submission of this Supplement is to (A) update the "SUMMARY" section of the Base Prospectuses, (B) update the "RISK FACTORS" section of the Base Prospectuses (C) update the "DESCRIPTION OF THE ISSUER" section of the Base Prospectuses, (D) update the "DESCRIPTION OF INDICES COMPOSED BY THE ISSUER OR BY ANY LEGAL ENTITY BELONGING TO THE SAME GROUP" section of the Base Prospectuses, (E) update the "TAXES" section of the Base Prospectuses and (F) update the "GENERAL INFORMATION" section of the Base Prospectuses in order to incorporate by reference some recent press releases relating to UniCredit and the Group and to include a new index, which is composed by the Issuer or by any legal entity belonging to the same group.

**I. CHANGES TO THE BASE PROSPECTUS DATED 7 DECEMBER 2018**

**A. "SUMMARY" section of the Base Prospectus**

The "SUMMARY" section of the Base Prospectus shall be amended as follows:

**1. UniCredit S.p.A – Element B.9**

Element B.9, on page 11 of the Base Prospectus, relating to **UniCredit S.p.A.** as Issuer of the Securities, shall be deleted and replaced as follows:

"B.9	Profit forecast or estimate	The UniCredit Group net profit estimate for the financial year ended 31 December 2018 amounts to € 3,892 million."
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**2. UniCredit S.p.A – Element B.10**

Element B.10, on page 11 of the Base Prospectus, relating to **UniCredit S.p.A.** as Issuer of the Securities, shall be deleted and replaced as follows:

"B.10	Audit report qualifications	Not applicable. No qualifications are contained in any audit or review report included in the Base Prospectus."
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**B. "RISK FACTOR" section of the Base Prospectus**

In section "RISK FACTORS", subsection "RISKS RELATED TO UNICREDIT" on page 57 et seq. of the Base Prospectus, the risk factor "*Risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit)*" which is incorporated in the Base Prospectus by reference is deleted in its entirety and replaced as follows:

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

On 29 March 2017, the UK delivered to the European Council notice of its intention to withdraw from the EU, pursuant to Article 50 of the Treaty on the European Union. The delivery of such notice started a two - year period during which the UK is negotiating with the EU the terms of its withdrawal and of its future relationship with the EU (the **article 50 withdrawal agreement**). If the parties fail to reach an agreement within this time frame, all EU treaties cease to apply to the UK, unless the European Council, in agreement with the UK, unanimously decides to extend this period. As part of those negotiations, a transitional period has been agreed in principle which would extend the application of EU law, and provide for continuing access to the EU single market, until the end of 2020. Absent such extension and subject to the terms of any article 50 withdrawal agreement, the UK will withdraw from the EU no later than 29 March 2019. There are a number of uncertainties in connection with such negotiations, including their timing, and the future of the UK's relationship with the EU. It therefore remains uncertain whether the article 50 withdrawal agreement will be finalised and ratified by the UK and the EU ahead of the 29 March 2019 deadline. In addition, the UK's decision to withdraw from the EU has also given rise to calls for the governments of other EU member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and restrict the access to capital of the relevant Issuer and/or the Guarantor. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on the stability of the Eurozone or the European Union and, ultimately, on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the Group, its business prospects, its financial condition, its results of operations, the ability of the relevant Issuer and/or the Guarantor to satisfy the relevant obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market. Please see also Condition 8.5 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the English Law Notes and Condition 7.5 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the Italian Law Notes."

## **C. "DESCRIPTION OF THE ISSUERS" section of the Base Prospectus**

### **1. Description of UniCredit**

In section "DESCRIPTION OF THE ISSUERS", the subsection "Description of UniCredit" on page 97 et seq. of the Base Prospectus shall be deleted and replaced as follows:

#### **"Description of UniCredit**

UniCredit acting as Issuer:

The following information regarding the Issuer are hereby incorporated by reference into this Base Prospectus:

- (i) the description of UniCredit included in the EMTN Programme of UniCredit S.p.A. and UniCredit Bank Ireland p.l.c. dated 7 June 2018, as supplemented from time to time, in particular the 1<sup>st</sup> supplement dated 23 November 2018 to the EMTN Programme of UniCredit S.p.A. and UniCredit Bank Ireland p.l.c. dated 7 June 2018, as supplemented from time to time,
- (ii) the 1<sup>st</sup> supplement to the EMTN Programme dated 23 November 2018;
- (iii) the audited consolidated reports and accounts of UniCredit as at and for the financial years ended 31 December 2016,
- (iv) the audited consolidated reports and accounts of UniCredit as at and for the financial years ended 31 December 2017,
- (v) the UniCredit Consolidated Interim Report as at 30 September 2017 – Press Release dated 9 November 2017,
- (vi) the UniCredit Consolidated First Half Financial Report as at 30 June 2018,
- (vii) the UniCredit Consolidated Interim Report as at 30 September 2018 – Press Release dated 8 November 2018,
- (viii) the press release dated 5 September 2018,
- (ix) the press release dated 23 October 2018,
- (x) the press release dated 31 October 2018,
- (xi) the press release dated 2 November 2018,
- (xii) the press release dated 9 November 2018,
- (xiii) the press release of UniCredit dated 6 February 2019 regarding the approval by the Board of Directors of UniCredit of a reorganisation project,
- (xiv) the press release of UniCredit dated 6 February 2019 regarding the announcement of a reorganisation project of the UniCredit Group's senior management team,
- (xv) the press release "UniCredit: a pan-European winner. 4Q18 and FY18 Group Results" dated 7 February 2019,
- (xvi) the press release of UniCredit dated 7 February 2019 regarding certain resolutions passed by the Board of Directors of UniCredit,
- (xvii) the press release of UniCredit dated 7 February 2019 regarding the co-optation of Ms. Elena Carletti as Board Director and member of the Remuneration and the Internal Controls and Risks Committee of UniCredit,

- (xviii) the press release of UniCredit dated 8 February 2019 regarding the approval by the Board of Directors of UniCredit of the proposal, to be submitted at the next Ordinary Shareholders' Meeting, to distribute a unitary dividend,
- (xix) the press release of UniCredit dated 11 February 2019 regarding the final decision of the European Central Bank concerning the capital requirements following the results of its annual Supervisory Review and Evaluation Process and
- (xx) the Articles of Association of UniCredit S.p.A. dated 2 May 2018.

A list stating where the information incorporated by reference may be found is set out on pages 469 et seq."

## 2. Principal Shareholders

In section "DESCRIPTION OF THE ISSUERS" the subsection "PRINCIPAL SHAREHOLDERS" on page 97 et seq. which is incorporated in the Base Prospectus by reference is deleted in its entirety and replaced as follows:

### "PRINCIPAL SHAREHOLDERS

As at 24 January 2019, UniCredit's share capital, fully subscribed and paid-up, amounted to €20,940,398,466.81, comprising 2,230,176,665 ordinary shares.

UniCredit's ordinary shares are listed on the Italian, German and Polish regulated markets<sup>3</sup>. The shares traded on these markets have the same characteristics and confer the same rights on the holder.

As at 24 January 2019, according to available information, the main shareholders holding, directly or indirectly, a relevant participation in UniCredit were:

<b>Major Shareholders</b>	<b>Ordinary Shares</b>	<b>% owned<sup>(1)</sup></b>
Aabar Luxembourg S.A.R.L.	112,141,192	5.028
Dodge & Cox	111,715,904	5.009 <sup>(2)</sup>

<sup>(1)</sup> On share capital at the date of 24 January 2019.

<sup>(2)</sup> non-discretionary asset management

Article 120, paragraph 2, of the Financial Services Act, as a consequence of Legislative Decree No. 25/2016, sets forth that holdings exceeding 3 per cent. of the voting capital of a listed company shall be communicated to both the latter and to CONSOB.

At the date of this document approval, there is no limitation to the exercise of voting rights.

No individual or entity controls UniCredit within the meaning provided for in Article 93 of the Financial Services Act, as amended."

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<sup>3</sup> Further to the disposal of the controlling equity interest in Bank Pekao in June 2017, discussions shall be initiated with the relevant Authorities and market management companies in order to explore the feasibility of revoking the trading of ordinary shares on the Warsaw Stock Exchange in Poland.

**D. "DESCRIPTION OF INDICES COMPOSED BY THE ISSUER OR BY ANY LEGAL ENTITY BELONGING TO THE SAME GROUP" section of the Base Prospectus**

The section "DESCRIPTION OF INDICES COMPOSED BY THE ISSUER OR BY ANY LEGAL ENTITY BELONGING TO THE SAME GROUP" on page 436 of the Base Prospectus is amended as follows:

The two paragraphs below the heading are deleted in their entirety and replaced as follows:

**"Description of the UC European Sector Rotation Strategy Index**

The "UC European Sector Rotation Strategy Index" (the "**Index**") (ISIN: DE000A18T264; WKN: A18T26) is an index, developed and designed by UniCredit Bank AG or its legal successor (the "**Index Sponsor**"), and calculated by UniCredit Bank AG or, as announced by the Index Sponsor, its legal successor (the "**Index Calculation Agent**") in Euro (the "**Index Currency**"), applying the rules ("**Index Rules**") outlined below.

**1. General Description**

The Index provides exposure to those sectors of the STOXX<sup>®</sup> Europe 600 Index universe that are likely to best profit from different phases of the European business cycle (the "**Index Objective**"). For this purpose, the sector indices (the "**Sector Indices**") are grouped into two baskets (the "**Baskets**"):

- a defensive basket (the "**Defensive Basket**") and
- a cyclical basket (the "**Cyclical Basket**").

In addition, at times the Index may provide exposure to the STOXX Europe 600 Net Return Index (the "**Parent Index**"). The Index will be calculated and published by the Index Calculation Agent. The Index will be regularly adjusted according to this Index Description.

The current Index value (the "**Index Value**") and the weights of the instruments will be published on each Trading Day on www.onemarkets.de or a successor website. The Index Value will also be published via Reuters: .UCGRESRS and Bloomberg: UCGRESRS <Index> (or a successor page).

The index value on 24 February 2016 ("**Index Start Date**") is EUR 1,000 ("**Initial Index Value**").

**2. The Instrument Universe**

As of the first Trading Day, the instrument universe (the "**Instrument Universe**") consists of the following Exchange Traded Funds (ETFs) (the "**Instruments**") which reflect an investment in the Sector Indices, the Parent Index, and the Euro Money Market ("**Cash Instrument**"):

	<b>Instruments in the Cyclical Basket</b>	<b>Bloomberg</b>	<b>Reuters</b>
1	iShares STOXX Europe 600 Automobiles & Parts UCITS ETF	SXAPEX GY Equity	SXAPEX.DE
2	iShares STOXX Europe 600 Basic Resources UCITS ETF	SXPPEX GY Equity	SXPPEX.DE
3	iShares STOXX Europe 600 Chemicals UCITS ETF	SX4PEX GY Equity	SX4PEX.DE

4	iShares STOXX Europe 600 Construction & Materials UCITS ETF	SXOPEX GY Equity	SXOPEX.DE
5	iShares STOXX Europe 600 Industrial Goods & Services UCITS ETF	SXNPEX GY Equity	SXNPEX.DE
<b>Instruments in the Defensive Basket</b>			
6	iShares STOXX Europe 600 Food & Beverage UCITS ETF	SX3PEX GY Equity	SX3PEX.DE
7	iShares STOXX Europe 600 Health Care UCITS ETF	SXDPEX GY Equity	SXDPEX.DE
8	iShares STOXX Europe 600 Oil & Gas UCITS ETF	SXEPEX GY Equity	SXEPEX.DE
9	iShares STOXX Europe 600 Telecommunications UCITS ETF	SXKPEX GY Equity	SXKPEX.DE
10	iShares STOXX Europe 600 Utilities UCITS ETF	SX6PEX GY Equity	SX6PEX.DE
<b>Parent Index</b>			
11	iShares STOXX Europe 600 UCITS ETF	SXXPIEX GY Equity	STOXXIEX.DE
<b>Cash Instrument</b>			
12	DBX II EONIA - 1C	XEON GY Eq- uity	XEON.DE

In case that distributions occur with respect to an Instrument, the complete amount of the distributions shall be reinvested into the Cash Instrument, such that the number of units  $N_C$  (as defined in section 6) of the Cash Instrument increases on the ex-date of the distribution. The ex-date is the day on which the instrument is quoted "ex distribution" for the first time.

### 3. Definitions

<b>"Ifo Business Climate"</b>	The ifo Business Climate is based on ca. 7000 monthly survey responses of firms in manufacturing, construction, wholesaling and retailing. The firms are asked to give their assessments of the current business situation and their expectations for the next six months. They can characterise their situation as "good", "satisfactorily" or "poor" and their business expectations for the next six months as "more favourable", "unchanged" or "more unfavourable". The replies are weighted according to the importance of the industry and aggregated. The balance value of the current business situation is the difference of the percentages of the responses "good" and "poor", the balance value of the expectations is the difference of the percentages of the responses "more favourable" and "more unfavourable". The publication takes place on a monthly basis and is published by the ifo Institute (every day a publication takes place is a "Publica-
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	tion Day"). The value for the subcomponent Business Expectations used in the Index model will be published i.a. on Bloomberg under GRIFPEX <Index> or the website of the ifo Institute (www.cesifo-group.de). For the calculation of the signals of the Index model (see Section 9 "Business Cycle Signal") the respective initially published (non-revised) values of the ifo Business Climate, subcomponent Business Expectations, will be used.
<b>"Investment Period"</b>	Each period between two consecutive Publication Dates of the ifo Business Climate Index.
<b>"Trading Day"</b>	Every day on which STOXX Ltd. calculates an official closing price for the STOXX® Europe 600 Index and the Relevant Exchange as well the Relevant Derivatives Exchange are open for business.
<b>"Calculation Moment"</b>	The moment immediately after the closing prices for all relevant Instruments have been disseminated on every Trading Day.
<b>"Distributions"</b>	Distributions are all income, dividends, interest, etc. paid on the Instruments.
<b>"First Selection Day"</b>	23 February 2016 (will be denoted as $T_0$ ).
<b>"Selection Day"</b>	Each Publication Date of the ifo Business Climate Index (denoted by $T_k$ ). Those Selection Days which lay before the First Selection Day ( $k < 0$ ) will be denoted as "Historic Selection Days".
<b>"First Adjustment Day"</b>	The Index Start Date.
<b>"Adjustment Day"</b>	The Trading Day immediately following the publication of the ifo Business Climate Index, if <ol style="list-style-type: none"> <li>1. this Trading Day falls into the months February, May, August or November.</li> <li>2. for all other months: if there is a Need for Adjustment (as defined in Section 8) on the associated Selection Day.</li> </ol>
<b>"Adjustment Moment"</b>	The moment immediately after the closing prices for all relevant Instruments have been disseminated on an Adjustment Day.
<b>"Dividend Day"</b>	The Trading Day before the last Trading Day of each November, denoted as $T_{DIV}$ .



#### 4. Relevant Exchange and Relevant Derivatives Exchange

Relevant Exchange	Relevant Derivatives Exchange
XETRA	EUREX

#### 5. Calculation of the Index

The Index Value  $I(t)$  at any time  $t$  is defined to be:

$$I(t) = \left(1 - Fee \cdot \frac{t - t_{adj}^{pre}}{360}\right) \left(\sum_{i=1}^5 N_i^d \cdot S_i^d(t) + \sum_{i=1}^5 N_i^c \cdot S_i^c(t) + N_B \cdot B(t) + N_C \cdot C(t)\right),$$

where

$N_i^d$	denotes number of the i-th Instrument units in the Defensive Basket $i \in \{1, \dots, 5\}$
$N_i^c$	denotes number of the i-th Instrument units in the Cyclical Basket $i \in \{1, \dots, 5\}$
$N_B$	denotes number of the Parent Index units
$N_C$	denotes number of the Cash Instrument units
$S_i^d(t)$	denotes Last Available Price for the i-th component of the Defensive Basket $i \in \{1, \dots, 5\}$
$S_i^c(t)$	denotes Last Available Price for the i-th component of the Cyclical Basket $i \in \{1, \dots, 5\}$
$B(t)$	denotes Last Available Price for the Parent Index
$C(t)$	denotes Last Available Price for the Cash Instrument
$Fee$	denotes the Index Fee of 1.35%
$t_{adj}^{pre}$	denotes the immediately preceding Adjustment Day

"**Last Available Price**" for any Instrument is defined as the prevailing price at time ( $t$ ) disseminated by the Relevant Exchange as obtained by the Index Calculation Agent via information providers such as Bloomberg or Reuters, as long as no Market Disruption Event (as defined in section 11 below) has occurred.

The Index will be calculated continuously, at least on every Calculation Moment on every Trading Day (the associated index value is defined as "**Index Closing Value**"). For technical reasons, the Index Calculation Agent reserves the right to publish the Index Closing Value with a delay of up to two Trading Days.

The Index Value will be rounded up or down to two decimals, where 0.005 will be rounded up.

#### 6. Adjustments

On each Adjustment Day the Index Calculation Agent identifies the necessary adjustments and determines the new Index composition on the basis of the following algorithm.

The number of units of the  $i^{\text{th}}$  Index constituent is re-calculated immediately after the relevant Adjustment Moment  $t_{adj}$ :

$$N_C^{new} = \left(1 - Fee \cdot \frac{t_{adj} - t_{adj}^{pre}}{360}\right) \cdot N_C \quad \text{Number of units of the Cash Instrument}$$

$$N_i^{c_{new}} = \frac{\omega_i^c \cdot (I(t_{adj}) - N_C^{new} \cdot C(t_{adj}))}{S_i^c(t_{adj})}, \quad i \in \{1, \dots, 5\} \quad \text{Number of units of the Instruments in the Cyclical Basket}$$

$$N_i^{d_{new}} = \frac{\omega_i^d \cdot (I(t_{adj}) - N_C^{new} \cdot C(t_{adj}))}{S_i^d(t_{adj})}, \quad i \in \{1, \dots, 5\} \quad \text{Number of units of the Instruments in the Defensive Basket}$$

$$N_B^{new} = \frac{\omega_B \cdot (I(t_{adj}) - N_C^{new} \cdot C(t_{adj}))}{B(t_{adj})} \quad \text{Number of units of the Parent Index}$$

where

$I(t_{adj})$	Denotes the value of the Index at the relevant Adjustment Moment ( $t_{adj}$ )
$N_i^{c_{new}}$	denotes number of units of the $i$ -th Instrument in the Cyclical Basket immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$N_i^{d_{new}}$	denotes number of units of the $i$ th Instrument in the Defensive Basket immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$N_B^{new}$	denotes number of units of the Parent Index immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$N_C^{new}$	denotes number of units of the Cash Instrument immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$\omega_i^c$	denotes the target weight of the $i$ -th Instrument in the Cyclical Basket as determined on the respective Selection Day, i.e. $T_k$
$\omega_i^d$	denotes the target weight of the $i$ -th Instrument in the Defensive Basket as determined on the respective Selection Day, i.e. $T_k$
$\omega_B$	denotes the target weight of the Parent Index as determined on the respective Selection Day, i.e. $T_k$
$t_{adj}^{pre}$	denotes the Adjustment Moment on the immediately preceding Adjustment Day

The number of units  $N_i^{c_{new}}$ ,  $N_i^{d_{new}}$ ,  $N_B^{new}$  and  $N_C^{new}$  are rounded to 8 decimal places according to common market practice. The superscript "new" will be dropped after the completion of the Adjustment.

On the First Adjustment Day,  $I(t_{adj})$  equals the Initial Index Value, and  $N_C = 0$ .

## 7. Dividend

Once per year, on the Dividend Day  $T_{DIV}$ , immediately after the Calculation Moment (respectively, if the Dividend Day is an Adjustment Day, immediately after the completion of the adjustment occurring on this day) the “Dividend” will be determined as the current value of the Cash Instrument of the Index:

$$Dividend := N_C(T_{DIV}) \times C(T_{DIV})$$

Whereas  $N_C(T_{DIV})$  denotes the number of and  $C(T_{DIV})$  the last available price of the Cash Instrument at the aforesaid time. In case of a Market Disruption Event on the Dividend Day the price of the Cash Instrument will be determined according to the rules outlined in section 11.2.

Thereafter, the number of units of the Cash Instrument will be denoted as  $N_C^{reset}$  and reset to zero:

$$N_C^{reset} = 0$$

After the reset the superscript “reset” is removed.

## 8. Signal Generation

The Target Weights are determined on each Selection Day  $T_k$  at the Calculation Moment on the basis of a Business Cycle Signal and a Feedback Signal. To do so, the Business Cycle Target Weight (as defined in Section 9) and the Feedback Target Weight (as defined in Section 10) will be added, such that (depending on the Business Cycle Signal and the Feedback Signal) the following Target Weights are obtained:

Business Cycle Signal	Feedback Signal	Target Weight Cyclical Basket, $\omega_c$	Target Weight Defensive Basket, $\omega_d$	Target Weight Parent Index, $\omega_B$
Cyclical Basket	Cyclical Basket	100%	0%	0%
Cyclical Basket	Parent Index	50%	0%	50%
Cyclical Basket	Defensive Basket	50%	50%	0%
Defensive Basket	Cyclical Basket	50%	50%	0%
Defensive Basket	Parent Index	0%	50%	50%
Defensive Basket	Defensive Basket	0%	100%	0%

The Instruments in each Basket will be equally weighted, i.e. the Target Weights of the Instruments of the Cyclical Basket and the Defensive Basket, respectively, will be calculated as follows:

$$\omega_i^c := \frac{\omega_c}{5} \quad \text{Target Weight of the } i\text{-th Instrument of the Cyclical Basket}$$

$$\omega_i^d := \frac{\omega_d}{5} \quad \text{Target Weight of the } i\text{-th Instrument of the Defensive Basket.}$$

There is a need for adjustment (the "Need for Adjustment") if the newly determined Target Weights of the Cyclical Basket, the Defensive Basket or the Parent Index on the Selection Day  $T_k$  deviate from the respective Target Weights determined on the immediately preceding Selection Day  $T_{k-1}$ .

Between two Adjustment Days, the actual weights of the instruments in the Index may vary according to the price changes of the instruments. If there is no need for adjustment on the Selection Day, the actual weights will be continued accordingly.

## 9. Business Cycle Signal

We refer to the (unrevised) Ifo Business Climate Index (subcomponent Business Expectations)  $E(T_k)$  as initially published on the Selection Day  $T_k$  and available at the Calculation Moment on Reuters and Bloomberg or on the website of the Ifo Institute.

An uptrend is identified if at time  $T_k$  the Ifo Business Expectations have risen for three consecutive months by a total of 2 or more index points:

$$E(T_k) \geq E(T_{k-1}) \geq E(T_{k-2}) \geq E(T_{k-3}) \quad \text{where} \quad E(T_k) - E(T_{k-3}) \geq 2.$$

A turning point for the beginning of an uptrend is defined as the third month of an uptrend after a previous downtrend. At such a turning point, the business cycle signal will assign a Business Cycle Target Weight of 50% to the Cyclical Basket.

A downtrend is identified if at time  $T_k$  the Ifo Business Expectations have fallen for three consecutive months by a total of 2 or more index points:

$$E(T_k) \leq E(T_{k-1}) \leq E(T_{k-2}) \leq E(T_{k-3}) \quad \text{mit} \quad E(T_{k-3}) - E(T_k) \geq 2.$$

A turning point for the beginning of a downtrend is defined as the third month of a downtrend after a previous uptrend. At such a turning point, the business cycle signal will assign a Business Cycle Target Weight of 50% to the Defensive Basket.

If the business cycle signal does not indicate a turning point, the allocation that was derived from the last turning point remains unchanged.

If on the first Selection Day  $T_0$  the business cycle signal does not indicate a turning point, the business cycle signal on the (historical) Selection Days  $T_h$ ,  $h = -1, -2, \dots$ , starting at  $h = -1$ , is determined until a turning point is found. This turning point is then considered to be determining the Business Cycle Target Weight on the first Selection Day.

## 10. Feedback Signal

On the Selection Day  $T_k$ , the average performances of the Cyclical Basket, the Defensive Basket and the Parent Index over the preceding three Investment Periods are calculated, and the three values are compared:

$$R_c = \frac{1}{3} \sum_{j=k-2}^k \cdot \sum_{i=1}^5 \frac{1}{5} \cdot \left( \frac{S_i^c(T_j)}{S_i^c(T_{j-1})} - 1 \right)$$

$$R_d = \frac{1}{3} \sum_{j=k-2}^k \cdot \sum_{i=1}^5 \frac{1}{5} \cdot \left( \frac{S_i^d(T_j)}{S_i^d(T_{j-1})} - 1 \right)$$

$$R_B = \frac{1}{3} \sum_{j=k-2}^k \left( \frac{B(T_j)}{B(T_{j-1})} - 1 \right)$$

Here,  $T_k$  refers to the Calculation Moment at the respective (possibly Historic) Selection Day  $T_k$ .

The Feedback Signal derived from these performance figures allocates as follows:

If  $\max\{R_c, R_d, R_B\} = R_c$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Cyclical Basket.

If  $\max\{R_c, R_d, R_B\} = R_d$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Defensive Basket.

If  $\max\{R_c, R_d, R_B\} = R_B$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Parent Index.

## 11. Market Disruption

### 11.1. Reweighting

In case a Market Disruption occurs or exists on an Adjustment Day, the respective Adjustment Day is postponed to the next Trading Day on which the Market Disruption no longer exists. If a Market Disruption exists for five (5) consecutive Trading Days, (i) the fifth Trading Day is deemed to be the Adjustment Day and (ii) the reweighting according to section 6 is implemented in such a way that the number of unit of the Instrument affected by the Market Disruption remains unchanged in comparison with the respective previous Adjustment Day. If the unchanged number of unit of the respective Instrument affected by the Market Disruption is lower than the number of unit that would have been implemented on the Adjustment Day in the absence of the Market Disruption, the number of unit of the Cash Instrument shall be increased proportionally. However, if the unchanged number of unit of the respective Instrument affected by the Market Disruption is higher than the number of unit that would have been implemented on the Adjustment Day in the absence of the Market Disruption, the remaining number of units of all other Instruments (with a Target Weight > 0) shall be reduced proportionally.

### 11.2. Index Value

If an Instrument is affected by a Market Disruption on any Trading Day and the Market Disruption continues at the Calculation Moment, the last available price before the Market Disruption is used for the calculation of the Index Value.

If this price is not consistent with the prevailing market conditions or not suitable for any other reason, the reasonable price of the Instrument in accordance with the prevailing market conditions is used. Such price shall be determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB).

### 11.3. Definition of the Market Disruption

A market disruption (a "**Market Disruption**") exists if and as long as any Instrument is affected by a Market Disruption Event.

"**Market Disruption Event**" means any of the following events:

- (a) the suspension or restriction of trading on the Instrument or the constituents of a basis index on the Relevant Exchange due to price movements exceeding the limits of the Relevant Exchange or for any other reason;

- (b) the suspension or restriction of trading in a derivative on the Instrument on the Relevant Derivatives Exchange due to price movements exceeding the limits of the Relevant Derivatives Exchange or for any other reason;
- (c) the suspension or restriction of trading in ETFs or securities (e.g. Index Tracker Certificates), which track the respective Instrument, on the exchanges or the markets, on which these ETFs or securities are traded, or on the derivative exchanges or the markets, on which derivatives on these ETFs are traded, due to price movements exceeding the limits of the respective exchange or derivative exchanges respectively the operator of these markets, or for any other reason;
- (d) the non-publication of the price of the Instrument as a result of a decision by the entity that is responsible for the calculation and/or publication of its NAV (for ETFs) respectively value.

to the extent that such Market Disruption Event is material; whether this is the case shall be determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB).

## 12. Extraordinary Adjustment

If pursuing the Index Objective requires a change in the Index Rules due to (i) a significant change in the relevant regulatory or legal framework or taxation, (ii) a significant change in case law, or (iii) substantially changed market circumstances, the Index Sponsor shall amend the Index Rules in its reasonable discretion (§ 315 BGB) in such a way that a substantially unchanged pursuance of the Index Objective remains possible. Such a change in the Index Rules shall not have a significant adverse effect on the economic position of the holders of financial products linked to the Index.

In the case of an Fund Event, Index Event or other serious circumstances, the affected Instruments are replaced by constituents of an economically equivalent asset class and/or investment strategy if pursuing the Index Objective is significantly affected by the Fund Event, Index Event or the other serious circumstances. This substitution is carried out by the Index Sponsor in its reasonable discretion (§ 315 BGB). In this context particularly after the occurrence of an Fund Event each of the ETFs effected by the Fund Event can be replaced by an ETF of an comparable asset class and/or by its Parent Index. The economic position of the holders of financial products linked to the Index shall not be substantially deteriorated by the measures described in this paragraph.

**"Fund Event"** means with respect to an Instrument that is an ETF any of the following events; the occurrence of any such event being determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB):

- (a) changes are made in one of the Fund Documents which affect the ability of the hedging party to maintain its hedging transactions, in particular changes with respect to (i) the risk profile of the ETF, (ii) the investment objectives or investment strategy or investment restrictions of the ETF (iii) the currency of the ETF Shares, (iv) the method of calculating the Net Asset Value or (v) the timetable for the subscription, issue, redemption and/or transfer of the ETF Shares;
- (b) requests for the issue, redemption or transfer of ETF Shares are executed only partially or not at all;
- (c) fees, premiums, discounts, charges, commissions, taxes or similar fees are levied for the issue or redemption of ETF Shares (other or substantially higher than the fees,

- premiums, discounts, charges, commissions, taxes or similar fees already charged before the date on which the ETF is added to the Index);
- (d) the ETF or the Management Company or the Fund Service Provider appointed for this purpose by the ETF or the Management Company fails to publish the Net Asset Value as scheduled or in accordance with normal practice or as specified in the Fund Documents;
  - (e) a change in the legal form of the ETF;
  - (f) a change of individuals in key positions at the Management Company or in the fund management;
  - (g) (i) a change in the legal, accounting, tax or regulatory treatment of the ETF or of the Management Company; or (ii) the suspension, cancellation, revocation or absence of the accreditation or registration of the ETF or of the Management Company; or (iii) the suspension, cancellation, revocation or absence of an authorisation of the ETF or the Management Company by the relevant authority; or (iv) the initiation of investigatory proceedings by the supervisory authorities, a conviction by a court or an order by a competent authority relating to the activities of the ETF, the Management Company or a Fund Service Provider, or of individuals in key positions at the Management Company or in the fund management as a result of misconduct, a violation of the law or for similar reasons;
  - (h) a breach by the ETF or the Management Company of the investment objectives, the investment strategy or the investment restrictions of the ETF (as defined in the Fund Documents) that is material, or a breach of statutory or regulatory requirements by the ETF or the Management Company;
  - (i) a change in laws or regulations or in their implementation or interpretation (whether formally or informally) which in relation to the subscription, redemption or holding of ETF Shares by the hedging party (i) requires a reserve or provision, or (ii) requires to significantly increase the amount of regulatory capital held by the hedging party in relation to the hedging transactions in comparison with the conditions applying on the Index Start Date (in particular such a change to laws or regulations relevant for the hedging party that results in a regulatory reclassification of the ETF if the ETF does not provide a list of its investments ("Portfolio Reporting") and the hedging party does not receive the Portfolio Reporting from the ETF pursuant to the regulatory requirements in the demanded frequency);
  - (j) a change in laws or regulations or in their implementation or interpretation (whether formally or informally) as a result of which it would become unlawful or impracticable for the hedging party to maintain its hedging transactions or which would entail substantially higher costs;
  - (k) an increase in the proportion of the volume held by the hedging party, alone or together with a third party with which the hedging party in turn enters into hedging transactions beyond 20% of the ETF Shares outstanding;
  - (l) the hedging party is required to consolidate the ETF as a result of accounting or other regulations;
  - (m) the sale or redemption of the ETF Shares by the hedging party for mandatory reasons provided that the sale or redemption is not solely for the purpose of entering in-

to or unwinding hedging transactions;

- (n) an event or circumstance that has or could have the following effects: (i) the suspension of the issuance of additional ETF Shares or of the redemption of existing ETF Shares or (ii) the reduction of the number of ETF Shares of an investor in the ETF for reasons outside the control of that investor or (iii) the subdivision, merger (consolidation) or reclassification of the ETF Shares or any other measure that has a diluting or concentrative effect on the theoretical value of a ETF Share or (iv) payments in respect of a redemption of ETF Shares being made partly or wholly by means of a distribution in kind instead of for cash or (v) the creation of so-called side pockets for segregated assets of the ETF;
- (o) the Management Company or a Fund Service Provider discontinues its services for the ETF or loses its accreditation, registration, approval or authorisation and is not immediately replaced by another appropriate service provider;
- (p) (i) an order or valid resolution for a winding-up, dissolution, termination, liquidation or an event with similar effects in relation to the ETF or the ETF Shares, (ii) the initiation of settlement, bankruptcy or insolvency proceedings, a demerger or spin-off, a reclassification or consolidation, such as a change in the share class of the ETF or the merger of the ETF into or with another fund (e.g. ETF), (iii) a requirement to transfer all the ETF Shares to a trustee, liquidator, insolvency administrator or similar office-holder or (iv) the legal prohibition of transfers of the ETF Shares by the investor holding the ETF Shares;
- (q) the initiation of settlement, bankruptcy, insolvency, dissolution or comparable proceedings with respect to the Management Company;
- (r) the Index Sponsor loses the right to use the ETF as the basis for the calculation, determination and publication of the Index;
- (s) a change in the tax laws and regulations or a change in case law or the administrative practice of the tax authorities which has substantial negative consequences for an Issuer or the hedging party;
- (t) no notification is given of the basis of taxation for the ETF in accordance with the applicable provisions of the German Investment Tax Act (Investmentsteuergesetz, "InvStG") or the ETF or the Management Company has announced that no notification of the bases of taxation shall be given in accordance with the applicable provisions of the InvStG in the future;
- (u) changes in the investment policy or distribution policy of the ETF which could have a substantial negative effect on the amount of distributions by the ETF as well as distributions which diverge significantly from the ETF's normal distribution policy to date;
- (v) the ETF or the Management Company or a company affiliated to it breaches the agreement into which it entered with the Index Sponsor, an Issuer or the hedging party and that specifies the terms and conditions for the subscription or redemption of ETF Shares or the remuneration in relation to ETF Shares held by the Index Sponsor in its function as hedging party in a significant respect or terminates that agreement;
- (w) the ETF or the Management Company, contrary to normal practice to date, fails to



provide the Index Sponsor with information that is necessary to verify the ETF's compliance with its investment guidelines or restrictions in a timely manner;

- (x) the ETF or the Management Company fails to provide the Index Sponsor with the audited annual report and, where relevant, the half-yearly report as soon as possible after receiving a corresponding request;
- (y) any other event that could have a noticeable adverse effect on the Net Asset Value of the ETF or the ability of the hedging party to hedge its obligations under the hedging transactions on more than a temporary basis;
- (z) the Net Asset Value of the ETF is no longer published in the Base Currency;
- (aa) the quotation of the ETF and the ETF Shares, respectively, at the Relevant Exchange is ceased and no Successor Relevant Exchange could be determined;
- (bb) the performance of the ETF is higher than the performance of the respective ETF-Parent Index on five consecutive trading days determined on the basis of the respective closing prices.

Where:

**"Fund Service Provider"** means in relation to an ETF, if available, the Auditor, the Administrator, the Investment Adviser, the Portfolio Manager, the Custodian Bank and the Management Company.

**"Fund Documents"** means in relation to an ETF, in each case, if available and in the respective valid version, the annual report, the half-yearly report, interim reports, the sales prospectus, the terms and conditions, if applicable, the articles of association, the key investor information document and all other documents of the ETF in which the terms and conditions of the ETF and the respective ETF Shares are specified.

**"Fund Management"** means in relation to an ETF, the persons responsible for the portfolio and/or risk management of the ETF.

**"Index Event"** means with respect to an Instrument that is a Base Index any of the following events;

- a) the calculation or publication of the Base Index is discontinued; or the Base Index is replaced;
- b) a change of the index concept or the calculation methodology of the Base Index, that result in a new index concept or calculation methodology being no longer economically equivalent to the original index concept or calculation methodology; whether this is the case shall be determined by the Index Sponsor in its reasonable discretion (§315 BGB);
- c) any other event that could have a noticeable adverse effect on the Base Index Value; whether this is the case shall be determined by the Index Sponsor in its reasonable discretion (§ 315 BGB).

### 13. Index Sponsor, Index Calculation Agent

The Index Sponsor has assigned all rights and duties with regard to the calculation of the Index to the Index Calculation Agent. Moreover, the Index Sponsor is at any time authorized to select in its reasonable discretion (§ 315 BGB) a new Index Calculation Agent (the "New

**Index Calculation Agent**"), whereas each reference in this description to the Index Calculation Agent shall be deemed as a reference to the New Index Calculation Agent.

#### 14. Disclaimer

The Index exists exclusively in the form of data sets and does not convey any direct or indirect or legal or beneficial interest or ownership in the Instruments. Any action specified above in respect of the Index shall be effected solely on a theoretical basis by an amendment to such data. Neither Institutions issuing financial instruments linked to the Index nor the Index Calculation Agent nor the Index Sponsor are obliged to actually invest or hold an interest in the Instruments directly or indirectly.

The calculation of the Index Value and the weights of the Instruments will be performed by the Index Calculation Agent with all due care. The Index Sponsor and the Index Calculation Agent exclude any liability for except in the event of willful misconduct or gross negligence on their part. Neither the Index Sponsor nor the Index Calculation Agent give any representation or guarantee for the correctness of the market data Instrument the calculations for the Index. Neither the Index Sponsor nor the Index Calculation Agent assume any liability for any direct or indirect damage which may result from an incorrect calculation of the market data Instrument the calculation of the Index Value.

Neither the Index Sponsor nor any person related to the Index has the function of a trustee or advisor towards the holders of financial instruments linked to the Index."

#### E. "TAXES" section of the Base Prospectus

The section "TAXES", subsection "ITALY" on page 451 et seqq. of the Base Prospectus is deleted and replaced as follows:

##### **"ITALY**

*This section contains a brief summary on tax implications related to the Securities for Italian tax laws purposes. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with particular situations which may be of relevance for specific potential investors. It is based on the currently valid Italian tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation as of the date of this Base Prospectus, all of which may be amended from time to time. Such amendments may also be effected with retroactive effect and may negatively impact the tax consequences described below. Potential purchasers of the Securities should consult with their legal and tax advisors to check tax implications of their possible investment in the Securities.*

*This section does not constitute a tax advice and 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 Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

##### ***Tax treatment of Securities issued by an Italian resident issuer***

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

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments, as set out by Article 2, paragraphs 22 and 22-*bis*, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013.

### ***Italian resident Security Holders***

Where an Italian resident Security Holder is (a) an individual not engaged in an entrepreneurial activity to which the Securities are connected; (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation (unless the Security Holder has opted for the application of the *risparmio gestito* regime – see “Capital Gains Tax” below), interest, premium and other income relating to the Securities, accrued during the relevant holding period, are subject to a substitute tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent. In the event that the Security Holders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Securities are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Securities if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended (the **Finance Act 2017**) and in Article 1(210-215) of Law No. 145 of 30 December 2018 (the **Finance Act 2019**).

Where an Italian resident Security Holder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected, and the Securities are deposited with an authorised intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Security Holder’s income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the “status” of the Security Holder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), and Article 9, par. 1, Legislative Decree No. 44 of 4 March 2014, payments of interest, premiums or other proceeds in respect of the Securities made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**) or pursuant to Article 14-*bis* of Law No. 86 of 25 January 1994, and Italian real estate investment companies with fixed capital (the **Real Estate SICAFs** and, together with the Italian resident real estate investment funds, the **Real Estate Funds**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate

Fund is subject to taxation in the hands of the unitholder or shareholder regardless of distribution.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital other than a Real Estate SICAF) or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Securities will not be subject to *imposta sostitutiva* nor to any other income tax in the hands of the Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent. (the **Collective Investment Fund Withholding Tax**).

Where an Italian resident Security Holder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, Italian investment companies (*società di intermediazione mobiliare*) (**SIMs**), fiduciary companies, Italian asset management companies (*società di gestione del risparmio*) (**SGRs**), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary (a) must (i) be resident in Italy or (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary or (iii) an entity or company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (b) intervene, in any way, in the collection of interest or in the transfer of the Securities. For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities or in a change of the Intermediary with which the Securities are deposited.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Security Holder.

#### ***Non-Italian resident Security Holders***

Where the Security Holder is a non-Italian resident without a permanent establishment in Italy to which the Securities are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended according to Article 11(4)(c) of Decree 239 (as amended by Legisla-

tive Decree No.147 of 14 September 2015) (the **White List**); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is established in a country included in the White List, even if it does not possess the status of taxpayer therein.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Security Holders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Security Holders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Securities with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Securities, a statement of the relevant Security Holder, which remains valid until withdrawn or revoked, in which the Security Holder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

#### ***Tax treatment of Securities issued by a non-Italian resident issuer***

Decree 239 also provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by a non-Italian resident issuer.

#### ***Italian resident Security Holders***

Where the Italian resident Security Holder is (a) an individual not engaged in an entrepreneurial activity, to which the relevant Securities are connected, (b) a non-commercial partnership, (c) a non-commercial private or public institution, or (d) an investor exempt from Italian corporate income taxation (unless the Security Holders has opted for the application of the *risparmio gestito* regime – see under “Capital Gain Tax” below), interest, premium and other income relating to Securities, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that Security Holders described under (a) and (c) above are engaged in an entrepreneurial activity to which the relevant Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Securities are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Securities if the Securities are included in a long-term individual savings account

(*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Where an Italian resident Security Holder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected and the Securities are deposited with an Intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Security Holder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Security Holder, also to IRAP).

Under the current regime provided by Decree 351 and Article 9, par. 1, Legislative Decree No. 44 of 4 March 2014, payments of interest, premiums or other proceeds in respect of the Securities made to Real Estate Funds are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.

If the investor is resident in Italy and is a Fund, and the relevant Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*, but must be included in the management result of the Fund. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Withholding Tax will apply, in certain circumstances, to subsequent distributions made in favour of unitholders or shareholders.

Where an Italian resident Security Holder 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 Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Pursuant to Decree 239, *imposta sostitutiva* is applied by an Intermediary.

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Securities.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities or in a change of the Intermediary with which the Securities are deposited.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Security Holder.

#### ***Non-Italian resident Security Holders***

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Security Holder of interest or premium relating to Securities issued by a non-Italian resident issuer, provided that, if such Securities are held in Italy, the non-Italian resident Security Holder declares itself to be a non-Italian resident according to Italian tax regulations.

#### ***Payments made by an Italian resident guarantor***

With respect to payments on the Securities made to Italian resident Security Holders 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 Securities may be subject to a provisional withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973. In case of payments to non-Italian resident Security Holders, the final withholding tax may be applied at 26 per cent.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

#### ***Tax treatment of Securities that do not qualify as bonds***

##### *Securitized derivative financial instruments*

Based on the principles stated by the Italian tax authorities (*Agenzia delle Entrate*) in the public Ruling 12 July 2010 No. 72/E, Securities that do not qualify as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), shall be treated as securitised derivative financial instruments for tax purposes when they represent a securitized derivative or a bundle of derivative financial transactions not entailing a static “use of capital” (*impiego di capitale*), but rather an indirect investment in the underlying financial instruments for the purpose of obtaining a profit from the negotiation of such instruments.

In these circumstances, gains and proceeds from the Securities will be taxed in accordance with the modalities set out in paragraph Capital Gain Tax below.

##### ***Atypical securities***

Securities that neither qualify as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) nor as securitised derivative financial instruments, should be treated as atypical securities (*titoli atipici*) for income tax purposes.

In these circumstances, interest payments relating to the Securities may be subject to a withholding tax, levied at the rate of 26 per cent.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Securities that qualify as atypical securities if such Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

In the case of Securities issued by an Italian resident issuer, where the Security Holder is (a) an Italian individual engaged in an entrepreneurial activity to which the Securities are connected; (b) an Italian company or a similar Italian commercial entity; (c) a permanent establishment in Italy of a foreign entity; (d) an Italian commercial partnership; or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Security Holder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Security Holders, the withholding tax rate may be reduced by any applicable tax treaty.

If the Securities are issued by a non-Italian resident issuer, the withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Security Holder and to an Italian resident Security Holder which is (a) a company or similar commercial entity (including the Italian permanent establishment of foreign entities); (b) a commercial partnership; or (c) a commercial private or public institution.

### ***Capital gains tax***

Any gain obtained from the sale or redemption of the Securities would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Security Holder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Securities are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Security Holder is an (i) an individual holding the Securities not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Security Holder from the sale or redemption of the Securities would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Security Holders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Securities, if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

In respect of the application of *imposta sostitutiva*, taxpayers may choose one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Security Holders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the investor in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given tax year. The relevant Security Holder 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 Security Holders under (i) to (iii) above



may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the “*risparmio amministrato*” regime). Such separate taxation of capital gains is allowed subject to (a) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Security Holder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (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 Security Holder or using funds provided by the Security Holder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities 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 Security Holder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident Security Holders under (i) to (iii) above who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax at a rate of 26 per cent., to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Security Holder is not required to declare the capital gains realised in the annual tax return. Any capital gains realised by a Security Holder who is a Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Security Holder which is a Fund will not be subject to *imposta sostitutiva*. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Withholding Tax.

Any capital gains realised by a Security Holder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Capital gains realised by non-Italian resident Security Holders, not having a permanent establishment in Italy to which the Securities are connected, from the sale or redemption of Securities issued by an Italian resident issuer and traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Security Holders from the sale or redemption of Securities issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country included in the White List even if it does not possess the status of taxpayer therein.

If none of the conditions above is met, capital gains realised by non-Italian resident Security Holders from the sale or redemption of Securities issued by an Italian resident issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities issued by an Italian resident issuer are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Securities are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Securities issued by an Italian resident issuer.

Capital gains realised by non-Italian resident Security Holders from the sale or redemption of Securities issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Securities are held outside Italy.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

### **Transfer tax**

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to

fixed registration tax at a rate of €200.00; (ii) private deeds are subject to registration tax only in the case of voluntary registration.

### ***Stamp duty***

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Securities deposited in Italy. The stamp duty applies at a rate of 0.20 per cent.; and cannot exceed €14,000 for taxpayers other than individuals; this stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount or in the case the nominal or redemption values cannot be determined, on the purchase value of the Securities held. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***Wealth Tax on securities deposited abroad***

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent (**IVAFE**).

This tax is calculated on the market value of the Securities at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value or in the case the nominal or redemption values cannot be determined, on the purchase value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due)."

## **F. "GENERAL INFORMATION" section of the Base Prospectus**

### **1. Incorporation by Reference**

In section "GENERAL INFORMATION", subsection "INFORMATION INCORPORATED BY REFERENCE", at the end of the table, on page 469 et seqq. of the Base Prospectus, the following new rows shall be added to the table:

	<b>Pages of the document incorporated:</b>	<b>Inserted in this Base Prospectus on the following pages:</b>
<b>Press Release "Press Release" dated 6 February 2019</b>	Entire document	p. 98
<b>Press Release "UniCredit reorganises senior management team to prepare for next strategic circle" dated 6 February 2019</b>	Entire document	p. 98
<b>Press Release "UniCredit: Board of Directors' Resolutions" dated 7 February 2019</b>	Entire document	p. 98
<b>Press Release "The co-optation of Ms. Elena Carletti as Board Director and member of the Remuneration and the Internal Controls and Risks Committees of</b>	Entire document	p. 98

<b>UniCredit" dated 7 February 2019</b>		
<b>Press Release "UniCredit: a pan-European winner. 4Q18 and FY18 Group Results" dated 7 February 2019</b>		
- UniCredit Group: Reclassified Income Statement	p. 19	p. 98
- UniCredit Group: Reclassified Balance Sheet	p. 20	p. 98
- UniCredit Group: Staff and Branches	p. 21	p. 98
- UniCredit Group: Ratings	p. 21	p. 98
- Declaration by the Manager charged with preparing the financial reports	p. 22	p. 98
<b>Press Release "Press Release" dated 8 February 2019</b>	Entire document	p.98
<b>Press Release "UniCredit well above the specific capital requirements set by ECB" dated 11 February 2019</b>	Entire Document	p.98

## 2. Publication

In section "GENERAL INFORMATION", subsection "INFORMATION INCORPORATED BY REFERENCE", on page 477 et seq. of the Base Prospectus the following new paragraphs shall be added to the list of documents:

**Press Release "Press Release" dated 6 February 2019:**

<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

**Press Release "UniCredit reorganises senior management team to prepare for next strategic circle" dated 6 February 2019:**

<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

**Press Release "UniCredit: Board of Directors' Resolutions" dated 7 February 2019:**

<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

**Press Release "The co-optation of Ms. Elena Carletti as Board Director and member of the Remuneration and the Internal Controls and Risks Committees of UniCredit" dated 7 February 2019:**

<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

**Press Release "UniCredit: a pan-European winner. 4Q18 and FY18 Group Results" dated 7 February 2019:**

<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

**Press Release "Press Release" dated 8 February 2019:**

<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

**Press Release "UniCredit well above the specific capital requirements set by ECB" dated 11 February 2019**

<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

## II. CHANGES TO THE BASE PROSPECTUS DATED 4 FEBRUARY 2019

### A. "SUMMARY" section of the Base Prospectus

The "SUMMARY" section of the Base Prospectus shall be amended as follows:

#### 1. Element B.9

Element B.9, on page 6 of the Base Prospectus, shall be deleted and replaced as follows:

"B.9	Profit forecast or estimate	The UniCredit Group net profit estimate for the financial year ended 31 December 2018 amounts to €3,892 million."
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#### 2. Element B.10

Element B.10, on page 6 of the Base Prospectus, shall be deleted and replaced as follows:

"B.10	Audit report qualifications	Not applicable. No qualifications are contained in any audit or review report included in the Base Prospectus."
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### B. "RISK FACTOR" section of the Base Prospectus

In section "RISK FACTORS", subsection "RISKS RELATED TO UNICREDIT" on page 74 of the Base Prospectus, the risk factor "*Risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit)*" which is incorporated in the Base Prospectus by reference is deleted in its entirety and replaced as follows:

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

On 29 March 2017, the UK delivered to the European Council notice of its intention to withdraw from the EU, pursuant to Article 50 of the Treaty on the European Union. The delivery of such notice started a two - year period during which the UK is negotiating with the EU the terms of its withdrawal and of its future relationship with the EU (the **article 50 withdrawal agreement**). If the parties fail to reach an agreement within this time frame, all EU treaties cease to apply to the UK, unless the European Council, in agreement with the UK, unanimously decides to extend this period. As part of those negotiations, a transitional period has been agreed in principle which would extend the application of EU law, and provide for continuing access to the EU single market, until the end of 2020. Absent such extension and subject to the terms of any article 50 withdrawal agreement, the UK will withdraw from the EU no later than 29 March 2019. There are a number of uncertainties in connection with such negotiations, including their timing, and the future of the UK's relationship with the EU. It therefore remains uncertain whether the article 50 withdrawal agreement will be finalised and ratified by the UK and the EU ahead of the 29 March 2019 deadline. In addition, the UK's decision to withdraw from the EU has also given rise to calls for the governments of other EU member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and restrict the access to capital of the relevant Issuer and/or the Guarantor. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the UK's departure from the EU and/or

any related matters may have on the stability of the Eurozone or the European Union and, ultimately, on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the Group, its business prospects, its financial condition, its results of operations, the ability of the relevant Issuer and/or the Guarantor to satisfy the relevant obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market. Please see also Condition 8.5 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the English Law Notes and Condition 7.5 (*Issuer Call due to MREL or TLAC Disqualification Event*) of the Terms and Conditions for the Italian Law Notes."

**C. "DESCRIPTION OF THE ISSUER" section of the Base Prospectus**

The section "DESCRIPTION OF THE ISSUER" on page 106 of the Base Prospectus shall be deleted and replaced as follows:

**"DESCRIPTION OF THE ISSUER**

The following information regarding the Issuer is hereby incorporated by reference into this Base Prospectus:

- (i) the description of UniCredit included in the EMTN Programme of UniCredit S.p.A. and UniCredit Bank Ireland p.l.c. dated 7 June 2018, as supplemented from time to time, in particular the 1<sup>st</sup> supplement dated 23 November 2018 to the EMTN Programme of UniCredit S.p.A. and UniCredit Bank Ireland p.l.c. dated 7 June 2018, as supplemented from time to time,
- (ii) the 1<sup>st</sup> supplement to the EMTN Programme dated 23 November 2018;
- (iii) the audited consolidated reports and accounts of UniCredit as at and for the financial years ended 31 December 2016,
- (iv) the audited consolidated reports and accounts of UniCredit as at and for the financial years ended 31 December 2017,
- (v) the UniCredit Consolidated Interim Report as at 30 September 2017 – Press Release dated 9 November 2017,
- (vi) the UniCredit Consolidated First Half Financial Report as at 30 June 2018,
- (vii) the UniCredit Consolidated Interim Report as at 30 September 2018 – Press Release dated 8 November 2018,
- (viii) the press release dated 5 September 2018,
- (ix) the press release dated 23 October 2018,
- (x) the press release dated 31 October 2018,
- (xi) the press release dated 2 November 2018,
- (xii) the press release dated 9 November 2018,
- (xiii) the press release dated 14 December 2018,
- (xiv) the press release dated 18 December 2018,
- (xv) the press release dated 19 December 2018,
- (xvi) the press release of UniCredit dated 6 February 2019 regarding the approval by the Board of Directors of UniCredit of a reorganisation project,

- (xvii) the press release of UniCredit dated 6 February 2019 regarding the announcement of a reorganisation project of the UniCredit Group's senior management team,
- (xviii) the press release "UniCredit: a pan-European winner. 4Q18 and FY18 Group Results" dated 7 February 2019,
- (xix) the press release of UniCredit dated 7 February 2019 regarding certain resolutions passed by the Board of Directors of UniCredit,
- (xx) the press release of UniCredit dated 7 February 2019 regarding the co-optation of Ms. Elena Carletti as Board Director and member of the Remuneration and the Internal Controls and Risks Committee of UniCredit,
- (xxi) the press release of UniCredit dated 8 February 2019 regarding the approval by the Board of Directors of UniCredit of the proposal, to be submitted at the next Ordinary Shareholders' Meeting, to distribute a unitary dividend,
- (xxii) the press release of UniCredit dated 11 February 2019 regarding the final decision of the European Central Bank concerning the capital requirements following the results of its annual Supervisory Review and Evaluation Process and
- (xxiii) the Articles of Association of UniCredit S.p.A. dated 2 May 2018.

A list stating where the information incorporated by reference may be found is set out on page 451 et seq."

**D. "DESCRIPTION OF INDICES COMPOSED BY THE ISSUER OR BY ANY LEGAL ENTITY BELONGING TO THE SAME GROUP" section of the Base Prospectus**

A new section "DESCRIPTION OF INDICES COMPOSED BY THE ISSUER OR BY ANY LEGAL ENTITY BELONGING TO THE SAME GROUP" shall be included on page 422 of the Base Prospectus in accordance with the section "General Information on the Securities", sub-section "Features of the Securities" - "*Underlying*" - "Single-Underlying" on page 108 of the Base Prospectus, in order to include the following Index which is composed by a legal entity belonging to the same group of the Issuer:

**"DESCRIPTION OF INDICES COMPOSED BY THE ISSUER OR BY ANY LEGAL ENTITY BELONGING TO THE SAME GROUP"**

**Description of the UC European Sector Rotation Strategy Index**

The "UC European Sector Rotation Strategy Index" (the "**Index**") (ISIN: DE000A18T264; WKN: A18T26) is an index, developed and designed by UniCredit Bank AG or its legal successor (the "**Index Sponsor**"), and calculated by UniCredit Bank AG or, as announced by the Index Sponsor, its legal successor (the "**Index Calculation Agent**") in Euro (the "**Index Currency**"), applying the rules ("**Index Rules**") outlined below.

**1. General Description**

The Index provides exposure to those sectors of the STOXX<sup>®</sup> Europe 600 Index universe that are likely to best profit from different phases of the European business cycle (the "**Index Objective**"). For this purpose, the sector indices (the "**Sector Indices**") are grouped into two baskets (the "**Baskets**"):

- a defensive basket (the "**Defensive Basket**") and
- a cyclical basket (the "**Cyclical Basket**").

In addition, at times the Index may provide exposure to the STOXX Europe 600 Net Return Index (the "**Parent Index**"). The Index will be calculated and published by the Index Calculation Agent. The Index will be regularly adjusted according to this Index Description.

The current Index value (the "**Index Value**") and the weights of the instruments will be published on each Trading Day on [www.onemarkets.de](http://www.onemarkets.de) or a successor website. The Index Value will also be published via Reuters: .UCGRESRS and Bloomberg: UCGRESRS <Index> (or a successor page).

The index value on 24 February 2016 ("**Index Start Date**") is EUR 1,000 ("**Initial Index Value**").

## 2. The Instrument Universe

As of the first Trading Day, the instrument universe (the "**Instrument Universe**") consists of the following Exchange Traded Funds (ETFs) (the "**Instruments**") which reflect an investment in the Sector Indices, the Parent Index, and the Euro Money Market ("**Cash Instrument**"):

	<b>Instruments in the Cyclical Basket</b>	<b>Bloomberg</b>	<b>Reuters</b>
1	iShares STOXX Europe 600 Automobiles & Parts UCITS ETF	SXAPEX GY Equity	SXAPEX.DE
2	iShares STOXX Europe 600 Basic Resources UCITS ETF	SXPPEX GY Equity	SXPPEX.DE
3	iShares STOXX Europe 600 Chemicals UCITS ETF	SX4PEX GY Equity	SX4PEX.DE
4	iShares STOXX Europe 600 Construction & Materials UCITS ETF	SXOPEX GY Equity	SXOPEX.DE
5	iShares STOXX Europe 600 Industrial Goods & Services UCITS ETF	SXNPEX GY Equity	SXNPEX.DE
<b>Instruments in the Defensive Basket</b>			
6	iShares STOXX Europe 600 Food & Beverage UCITS ETF	SX3PEX GY Equity	SX3PEX.DE
7	iShares STOXX Europe 600 Health Care UCITS ETF	SXDPEX GY Equity	SXDPEX.DE
8	iShares STOXX Europe 600 Oil & Gas UCITS ETF	SXEPEX GY Equity	SXEPEX.DE
9	iShares STOXX Europe 600 Telecommunications UCITS ETF	SXKPEX GY Equity	SXKPEX.DE
10	iShares STOXX Europe 600 Utilities UCITS ETF	SX6PEX GY Equity	SX6PEX.DE
<b>Parent Index</b>			
11	iShares STOXX Europe 600 UCITS ETF	SXXPIEX GY Equity	STOXXIEX.DE



Cash Instrument		
12	DBX II EONIA - 1C	XEON GY Eq- uity XEON.DE

In case that distributions occur with respect to an Instrument, the complete amount of the distributions shall be reinvested into the Cash Instrument, such that the number of units  $N_C$  (as defined in section 6) of the Cash Instrument increases on the ex-date of the distribution. The ex-date is the day on which the instrument is quoted "ex distribution" for the first time.

### 3. Definitions

<b>"Ifo Business Climate"</b>	The Ifo Business Climate is based on ca. 7000 monthly survey responses of firms in manufacturing, construction, wholesaling and retailing. The firms are asked to give their assessments of the current business situation and their expectations for the next six months. They can characterise their situation as "good", "satisfactorily" or "poor" and their business expectations for the next six months as "more favourable", "unchanged" or "more unfavourable". The replies are weighted according to the importance of the industry and aggregated. The balance value of the current business situation is the difference of the percentages of the responses "good" and "poor", the balance value of the expectations is the difference of the percentages of the responses "more favourable" and "more unfavourable". The publication takes place on a monthly basis and is published by the Ifo Institute (every day a publication takes place is a "Publication Day"). The value for the subcomponent Business Expectations used in the Index model will be published i.a. on Bloomberg under GRIFPEX <Index> or the website of the Ifo Institute ( <a href="http://www.cesifo-group.de">www.cesifo-group.de</a> ). For the calculation of the signals of the Index model (see Section 9 "Business Cycle Signal") the respective initially published (non-revised) values of the Ifo Business Climate, subcomponent Business Expectations, will be used.
<b>"Investment Period"</b>	Each period between two consecutive Publication Dates of the Ifo Business Climate Index.
<b>"Trading Day"</b>	Every day on which STOXX Ltd. calculates an official closing price for the STOXX® Europe 600 Index and the Relevant Exchange as well the Relevant Derivatives Exchange are open for business.
<b>"Calculation Moment"</b>	The moment immediately after the closing prices for all relevant Instruments have been disseminated on every Trading Day.
<b>"Distributions"</b>	Distributions are all income, dividends, interest, etc. paid on the Instruments.

" <b>First Selection Day</b> "	23 February 2016 (will be denoted as $T_0$ ).
" <b>Selection Day</b> "	Each Publication Date of the ifo Business Climate Index (denoted by $T_k$ ). Those Selection Days which lay before the First Selection Day ( $k < 0$ ) will be denoted as "Historic Selection Days".
" <b>First Adjustment Day</b> "	The Index Start Date.
" <b>Adjustment Day</b> "	The Trading Day immediately following the publication of the ifo Business Climate Index, if <ul style="list-style-type: none"> <li>3. this Trading Day falls into the months February, May, August or November.</li> <li>4. for all other months: if there is a Need for Adjustment (as defined in Section 8) on the associated Selection Day.</li> </ul>
" <b>Adjustment Moment</b> "	The moment immediately after the closing prices for all relevant Instruments have been disseminated on an Adjustment Day.
" <b>Dividend Day</b> "	The Trading Day before the last Trading Day of each November, denoted as $T_{DIV}$ .

#### 4. Relevant Exchange and Relevant Derivatives Exchange

Relevant Exchange	Relevant Derivatives Exchange
XETRA	EUREX

#### 5. Calculation of the Index

The Index Value  $I(t)$  at any time  $t$  is defined to be:

$$I(t) = \left(1 - Fee \cdot \frac{t - t_{adj}^{pre}}{360}\right) \left(\sum_{i=1}^5 N_i^d \cdot S_i^d(t) + \sum_{i=1}^5 N_i^c \cdot S_i^c(t) + N_B \cdot B(t) + N_C \cdot C(t)\right),$$

where

$N_i^d$	denotes number of the $i$ -th Instrument units in the Defensive Basket $i \in \{1, \dots, 5\}$
$N_i^c$	denotes number of the $i$ -th Instrument units in the Cyclical Basket $i \in \{1, \dots, 5\}$
$N_B$	denotes number of the Parent Index units
$N_C$	denotes number of the Cash Instrument units
$S_i^d(t)$	denotes Last Available Price for the $i$ -th component of the Defensive Basket $i \in \{1, \dots, 5\}$

$S_i^c(t)$	denotes Last Available Price for the $i$ -th component of the Cyclical Basket $i \in \{1, \dots, 5\}$
$B(t)$	denotes Last Available Price for the Parent Index
$C(t)$	denotes Last Available Price for the Cash Instrument
$Fee$	denotes the Index Fee of 1.35%
$t_{adj}^{pre}$	denotes the immediately preceding Adjustment Day

"**Last Available Price**" for any Instrument is defined as the prevailing price at time ( $t$ ) disseminated by the Relevant Exchange as obtained by the Index Calculation Agent via information providers such as Bloomberg or Reuters, as long as no Market Disruption Event (as defined in section 11 below) has occurred.

The Index will be calculated continuously, at least on every Calculation Moment on every Trading Day (the associated index value is defined as "**Index Closing Value**"). For technical reasons, the Index Calculation Agent reserves the right to publish the Index Closing Value with a delay of up to two Trading Days.

The Index Value will be rounded up or down to two decimals, where 0.005 will be rounded up.

## 6. Adjustments

On each Adjustment Day the Index Calculation Agent identifies the necessary adjustments and determines the new Index composition on the basis of the following algorithm.

The number of units of the  $i^{\text{th}}$  Index constituent is re-calculated immediately after the relevant Adjustment Moment  $t_{adj}$ :

$$N_C^{new} = \left(1 - Fee \cdot \frac{t_{adj} - t_{adj}^{pre}}{360}\right) \cdot N_C \quad \text{Number of units of the Cash Instrument}$$

$$N_i^{c_{new}} = \frac{\omega_i^c \cdot (I(t_{adj}) - N_C^{new} \cdot C(t_{adj}))}{S_i^c(t_{adj})}, \quad i \in \{1, \dots, 5\} \quad \text{Number of units of the Instruments in the Cyclical Basket}$$

$$N_i^{d_{new}} = \frac{\omega_i^d \cdot (I(t_{adj}) - N_C^{new} \cdot C(t_{adj}))}{S_i^d(t_{adj})}, \quad i \in \{1, \dots, 5\} \quad \text{Number of units of the Instruments in the Defensive Basket}$$

$$N_B^{new} = \frac{\omega_B \cdot (I(t_{adj}) - N_C^{new} \cdot C(t_{adj}))}{B(t_{adj})} \quad \text{Number of units of the Parent Index}$$

where

$I(t_{adj})$	Denotes the value of the Index at the relevant Adjustment Moment ( $t_{adj}$ )
$N_i^{c_{new}}$	denotes number of units of the $i$ -th Instrument in the Cyclical Basket immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$N_i^{d_{new}}$	denotes number of units of the $i$ th Instrument in the Defensive Basket immediately after the relevant Adjustment Moment ( $t_{adj}$ )

$N_B^{new}$	denotes number of units of the Parent Index immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$N_C^{new}$	denotes number of units of the Cash Instrument immediately after the relevant Adjustment Moment ( $t_{adj}$ )
$\omega_i^c$	denotes the target weight of the $i$ -th Instrument in the Cyclical Basket as determined on the respective Selection Day, i.e. $T_k$
$\omega_i^d$	denotes the target weight of the $i$ -th Instrument in the Defensive Basket as determined on the respective Selection Day, i.e. $T_k$
$\omega_B$	denotes the target weight of the Parent Index as determined on the respective Selection Day, i.e. $T_k$
$t_{adj}^{pre}$	denotes the Adjustment Moment on the immediately preceding Adjustment Day

The number of units  $N_i^{c_{new}}$ ,  $N_i^{d_{new}}$ ,  $N_B^{new}$  and  $N_C^{new}$  are rounded to 8 decimal places according to common market practice. The superscript "new" will be dropped after the completion of the Adjustment.

On the First Adjustment Day,  $I(t_{adj})$  equals the Initial Index Value, and  $N_C = 0$ .

## 7. Dividend

Once per year, on the Dividend Day  $T_{DIV}$ , immediately after the Calculation Moment (respectively, if the Dividend Day is an Adjustment Day, immediately after the completion of the adjustment occurring on this day) the "Dividend" will be determined as the current value of the Cash Instrument of the Index:

$$Dividend := N_C(T_{DIV}) \times C(T_{DIV})$$

Whereas  $N_C(T_{DIV})$  denotes the number of and  $C(T_{DIV})$  the last available price of the Cash Instrument at the aforesaid time. In case of a Market Disruption Event on the Dividend Day the price of the Cash Instrument will be determined according to the rules outlined in section 11.2.

Thereafter, the number of units of the Cash Instrument will be denoted as  $N_C^{reset}$  and reset to zero:

$$N_C^{reset} = 0$$

After the reset the superscript "reset" is removed.

## 8. Signal Generation

The Target Weights are determined on each Selection Day  $T_k$  at the Calculation Moment on the basis of a Business Cycle Signal and a Feedback Signal. To do so, the Business Cycle Target Weight (as defined in Section 9) and the Feedback Target Weight (as defined in Section 10) will be added, such that (depending on the Business Cycle Signal and the Feedback Signal) the following Target Weights are obtained:

Business Cycle Signal	Feedback Signal	Target Weight Cyclical Basket, $\omega_c$	Target Weight Defensive Basket, $\omega_d$	Target Weight Parent Index, $\omega_B$
Cyclical Basket	Cyclical Basket	100%	0%	0%
Cyclical Basket	Parent Index	50%	0%	50%
Cyclical Basket	Defensive Basket	50%	50%	0%
Defensive Basket	Cyclical Basket	50%	50%	0%
Defensive Basket	Parent Index	0%	50%	50%
Defensive Basket	Defensive Basket	0%	100%	0%

The Instruments in each Basket will be equally weighted, i.e. the Target Weights of the Instruments of the Cyclical Basket and the Defensive Basket, respectively, will be calculated as follows:

$$\omega_i^c := \frac{\omega_c}{5} \quad \text{Target Weight of the } i\text{-th Instrument of the Cyclical Basket}$$

$$\omega_i^d := \frac{\omega_d}{5} \quad \text{Target Weight of the } i\text{-th Instrument of the Defensive Basket.}$$

There is a need for adjustment (the "Need for Adjustment") if the newly determined Target Weights of the Cyclical Basket, the Defensive Basket or the Parent Index on the Selection Day  $T_k$  deviate from the respective Target Weights determined on the immediately preceding Selection Day  $T_{k-1}$ .

Between two Adjustment Days, the actual weights of the instruments in the Index may vary according to the price changes of the instruments. If there is no need for adjustment on the Selection Day, the actual weights will be continued accordingly.

## 9. Business Cycle Signal

We refer to the (unrevised) ifo Business Climate Index (subcomponent Business Expectations)  $E(T_k)$  as initially published on the Selection Day  $T_k$  and available at the Calculation Moment on Reuters and Bloomberg or on the website of the ifo Institute.

An uptrend is identified if at time  $T_k$  the ifo Business Expectations have risen for three consecutive months by a total of 2 or more index points:

$$E(T_k) \geq E(T_{k-1}) \geq E(T_{k-2}) \geq E(T_{k-3}) \quad \text{where} \quad E(T_k) - E(T_{k-3}) \geq 2.$$

A turning point for the beginning of an uptrend is defined as the third month of an uptrend after a previous downtrend. At such a turning point, the business cycle signal will assign a Business Cycle Target Weight of 50% to the Cyclical Basket.

A downtrend is identified if at time  $T_k$  the Ifo Business Expectations have fallen for three consecutive months by a total of 2 or more index points:

$$E(T_k) \leq E(T_{k-1}) \leq E(T_{k-2}) \leq E(T_{k-3}) \quad \text{mit} \quad E(T_{k-3}) - E(T_k) \geq 2.$$

A turning point for the beginning of a downtrend is defined as the third month of a downtrend after a previous uptrend. At such a turning point, the business cycle signal will assign a Business Cycle Target Weight of 50% to the Defensive Basket.

If the business cycle signal does not indicate a turning point, the allocation that was derived from the last turning point remains unchanged.

If on the first Selection Day  $T_0$  the business cycle signal does not indicate a turning point, the business cycle signal on the (historical) Selection Days  $T_h$ ,  $h = -1, -2, \dots$ , starting at  $h = -1$ , is determined until a turning point is found. This turning point is then considered to be determining the Business Cycle Target Weight on the first Selection Day.

## 10. Feedback Signal

On the Selection Day  $T_k$ , the average performances of the Cyclical Basket, the Defensive Basket and the Parent Index over the preceding three Investment Periods are calculated, and the three values are compared:

$$R_c = \frac{1}{3} \sum_{j=k-2}^k \cdot \sum_{i=1}^5 \frac{1}{5} \cdot \left( \frac{S_i^c(T_j)}{S_i^c(T_{j-1})} - 1 \right)$$

$$R_d = \frac{1}{3} \sum_{j=k-2}^k \cdot \sum_{i=1}^5 \frac{1}{5} \cdot \left( \frac{S_i^d(T_j)}{S_i^d(T_{j-1})} - 1 \right)$$

$$R_B = \frac{1}{3} \sum_{j=k-2}^k \left( \frac{B(T_j)}{B(T_{j-1})} - 1 \right)$$

Here,  $T_k$  refers to the Calculation Moment at the respective (possibly Historic) Selection Day  $T_k$ .

The Feedback Signal derived from these performance figures allocates as follows:

If  $\max\{R_c, R_d, R_B\} = R_c$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Cyclical Basket.

If  $\max\{R_c, R_d, R_B\} = R_d$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Defensive Basket.

If  $\max\{R_c, R_d, R_B\} = R_B$ , the Feedback Signal allocates a Feedback Target Weight of 50% to the Parent Index.

## 11. Market Disruption

### 11.1. Reweighting

In case a Market Disruption occurs or exists on an Adjustment Day, the respective Adjustment Day is postponed to the next Trading Day on which the Market Disruption no longer exists. If a Market Disruption exists for five (5) consecutive Trading Days, (i) the fifth Trading Day is deemed to be the Adjustment Day and (ii) the reweighting according to section 6 is implemented in such a way that the number of unit of the Instrument affected by the Market Disruption remains unchanged in comparison with the respective previous Adjustment Day. If the unchanged number of unit of the respective Instrument affected by the Market Disruption is lower than the number of unit that would have been implemented on the Adjustment Day in the absence of the Market Disruption, the number of unit of the Cash In-

strument shall be increased proportionally. However, if the unchanged number of unit of the respective Instrument affected by the Market Disruption is higher than the number of unit that would have been implemented on the Adjustment Day in the absence of the Market Disruption, the remaining number of units of all other Instruments (with a Target Weight > 0) shall be reduced proportionally.

### 11.2. Index Value

If an Instrument is affected by a Market Disruption on any Trading Day and the Market Disruption continues at the Calculation Moment, the last available price before the Market Disruption is used for the calculation of the Index Value.

If this price is not consistent with the prevailing market conditions or not suitable for any other reason, the reasonable price of the Instrument in accordance with the prevailing market conditions is used. Such price shall be determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB).

### 11.3. Definition of the Market Disruption

A market disruption (a "**Market Disruption**") exists if and as long as any Instrument is affected by a Market Disruption Event.

"**Market Disruption Event**" means any of the following events:

- (c) the suspension or restriction of trading on the Instrument or the constituents of a basis index on the Relevant Exchange due to price movements exceeding the limits of the Relevant Exchange or for any other reason;
- (d) the suspension or restriction of trading in a derivative on the Instrument on the Relevant Derivatives Exchange due to price movements exceeding the limits of the Relevant Derivatives Exchange or for any other reason;
- (c) the suspension or restriction of trading in ETFs or securities (e.g. Index Tracker Certificates), which track the respective Instrument, on the exchanges or the markets, on which these ETFs or securities are traded, or on the derivative exchanges or the markets, on which derivatives on these ETFs are traded, due to price movements exceeding the limits of the respective exchange or derivative exchanges respectively the operator of these markets, or for any other reason;
- (d) the non-publication of the price of the Instrument as a result of a decision by the entity that is responsible for the calculation and/or publication of its NAV (for ETFs) respectively value.

to the extent that such Market Disruption Event is material; whether this is the case shall be determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB).

## 12. Extraordinary Adjustment

If pursuing the Index Objective requires a change in the Index Rules due to (i) a significant change in the relevant regulatory or legal framework or taxation, (ii) a significant change in case law, or (iii) substantially changed market circumstances, the Index Sponsor shall amend the Index Rules in its reasonable discretion (§ 315 BGB) in such a way that a substantially unchanged pursuance of the Index Objective remains possible. Such a change in the Index Rules shall not have a significant adverse effect on the economic position of the holders of financial products linked to the Index.

In the case of an Fund Event, Index Event or other serious circumstances, the affected Instruments are replaced by constituents of an economically equivalent asset class and/or investment strategy if pursuing the Index Objective is significantly affected by the Fund Event, Index Event or the other serious circumstances. This substitution is carried out by the Index Sponsor in its reasonable discretion (§ 315 BGB). In this context particularly after the occurrence of an Fund Event each of the ETFs effected by the Fund Event can be replaced by an ETF of an comparable asset class and/or by its Parent Index. The economic position of the holders of financial products linked to the Index shall not be substantially deteriorated by the measures described in this paragraph.

**"Fund Event"** means with respect to an Instrument that is an ETF any of the following events; the occurrence of any such event being determined by the Index Calculation Agent in its reasonable discretion (§ 315 BGB):

- (a) changes are made in one of the Fund Documents which affect the ability of the hedging party to maintain its hedging transactions, in particular changes with respect to (i) the risk profile of the ETF, (ii) the investment objectives or investment strategy or investment restrictions of the ETF (iii) the currency of the ETF Shares, (iv) the method of calculating the Net Asset Value or (v) the timetable for the subscription, issue, redemption and/or transfer of the ETF Shares;
- (b) requests for the issue, redemption or transfer of ETF Shares are executed only partially or not at all;
- (c) fees, premiums, discounts, charges, commissions, taxes or similar fees are levied for the issue or redemption of ETF Shares (other or substantially higher than the fees, premiums, discounts, charges, commissions, taxes or similar fees already charged before the date on which the ETF is added to the Index);
- (d) the ETF or the Management Company or the Fund Service Provider appointed for this purpose by the ETF or the Management Company fails to publish the Net Asset Value as scheduled or in accordance with normal practice or as specified in the Fund Documents;
- (e) a change in the legal form of the ETF;
- (f) a change of individuals in key positions at the Management Company or in the fund management;
- (g) (i) a change in the legal, accounting, tax or regulatory treatment of the ETF or of the Management Company; or (ii) the suspension, cancellation, revocation or absence of the accreditation or registration of the ETF or of the Management Company; or (iii) the suspension, cancellation, revocation or absence of an authorisation of the ETF or the Management Company by the relevant authority; or (iv) the initiation of investigatory proceedings by the supervisory authorities, a conviction by a court or an order by a competent authority relating to the activities of the ETF, the Management Company or a Fund Service Provider, or of individuals in key positions at the Management Company or in the fund management as a result of misconduct, a violation of the law or for similar reasons;
- (h) a breach by the ETF or the Management Company of the investment objectives, the investment strategy or the investment restrictions of the ETF (as defined in the Fund Documents) that is material, or a breach of statutory or regulatory requirements by



the ETF or the Management Company;

- (i) a change in laws or regulations or in their implementation or interpretation (whether formally or informally) which in relation to the subscription, redemption or holding of ETF Shares by the hedging party (i) requires a reserve or provision, or (ii) requires to significantly increase the amount of regulatory capital held by the hedging party in relation to the hedging transactions in comparison with the conditions applying on the Index Start Date (in particular such a change to laws or regulations relevant for the hedging party that results in a regulatory reclassification of the ETF if the ETF does not provide a list of its investments ("Portfolio Reporting") and the hedging party does not receive the Portfolio Reporting from the ETF pursuant to the regulatory requirements in the demanded frequency);
- (j) a change in laws or regulations or in their implementation or interpretation (whether formally or informally) as a result of which it would become unlawful or impracticable for the hedging party to maintain its hedging transactions or which would entail substantially higher costs;
- (k) an increase in the proportion of the volume held by the hedging party, alone or together with a third party with which the hedging party in turn enters into hedging transactions beyond 20% of the ETF Shares outstanding;
- (l) the hedging party is required to consolidate the ETF as a result of accounting or other regulations;
- (m) the sale or redemption of the ETF Shares by the hedging party for mandatory reasons provided that the sale or redemption is not solely for the purpose of entering into or unwinding hedging transactions;
- (n) an event or circumstance that has or could have the following effects: (i) the suspension of the issuance of additional ETF Shares or of the redemption of existing ETF Shares or (ii) the reduction of the number of ETF Shares of an investor in the ETF for reasons outside the control of that investor or (iii) the subdivision, merger (consolidation) or reclassification of the ETF Shares or any other measure that has a diluting or concentrative effect on the theoretical value of a ETF Share or (iv) payments in respect of a redemption of ETF Shares being made partly or wholly by means of a distribution in kind instead of for cash or (v) the creation of so-called side pockets for segregated assets of the ETF;
- (o) the Management Company or a Fund Service Provider discontinues its services for the ETF or loses its accreditation, registration, approval or authorisation and is not immediately replaced by another appropriate service provider;
- (p) (i) an order or valid resolution for a winding-up, dissolution, termination, liquidation or an event with similar effects in relation to the ETF or the ETF Shares, (ii) the initiation of settlement, bankruptcy or insolvency proceedings, a demerger or spin-off, a reclassification or consolidation, such as a change in the share class of the ETF or the merger of the ETF into or with another fund (e.g. ETF), (iii) a requirement to transfer all the ETF Shares to a trustee, liquidator, insolvency administrator or similar office-holder or (iv) the legal prohibition of transfers of the ETF Shares by the investor holding the ETF Shares;
- (q) the initiation of settlement, bankruptcy, insolvency, dissolution or comparable pro-

- ceedings with respect to the Management Company;
- (r) the Index Sponsor loses the right to use the ETF as the basis for the calculation, determination and publication of the Index;
  - (s) a change in the tax laws and regulations or a change in case law or the administrative practice of the tax authorities which has substantial negative consequences for an Issuer or the hedging party;
  - (t) no notification is given of the basis of taxation for the ETF in accordance with the applicable provisions of the German Investment Tax Act (Investmentsteuergesetz, "InvStG") or the ETF or the Management Company has announced that no notification of the bases of taxation shall be given in accordance with the applicable provisions of the InvStG in the future;
  - (u) changes in the investment policy or distribution policy of the ETF which could have a substantial negative effect on the amount of distributions by the ETF as well as distributions which diverge significantly from the ETF's normal distribution policy to date;
  - (v) the ETF or the Management Company or a company affiliated to it breaches the agreement into which it entered with the Index Sponsor, an Issuer or the hedging party and that specifies the terms and conditions for the subscription or redemption of ETF Shares or the remuneration in relation to ETF Shares held by the Index Sponsor in its function as hedging party in a significant respect or terminates that agreement;
  - (w) the ETF or the Management Company, contrary to normal practice to date, fails to provide the Index Sponsor with information that is necessary to verify the ETF's compliance with its investment guidelines or restrictions in a timely manner;
  - (x) the ETF or the Management Company fails to provide the Index Sponsor with the audited annual report and, where relevant, the half-yearly report as soon as possible after receiving a corresponding request;
  - (y) any other event that could have a noticeable adverse effect on the Net Asset Value of the ETF or the ability of the hedging party to hedge its obligations under the hedging transactions on more than a temporary basis;
  - (z) the Net Asset Value of the ETF is no longer published in the Base Currency;
  - (aa) the quotation of the ETF and the ETF Shares, respectively, at the Relevant Exchange is ceased and no Successor Relevant Exchange could be determined;
  - (bb) the performance of the ETF is higher than the performance of the respective ETF-Parent Index on five consecutive trading days determined on the basis of the respective closing prices.

Where:

**"Fund Service Provider"** means in relation to an ETF, if available, the Auditor, the Administrator, the Investment Adviser, the Portfolio Manager, the Custodian Bank and the Management Company.

**"Fund Documents"** means in relation to an ETF, in each case, if available and in the respective valid version, the annual report, the half-yearly report, interim reports, the sales

prospectus, the terms and conditions, if applicable, the articles of association, the key investor information document and all other documents of the ETF in which the terms and conditions of the ETF and the respective ETF Shares are specified.

**"Fund Management"** means in relation to an ETF, the persons responsible for the portfolio and/or risk management of the ETF.

**"Index Event"** means with respect to an Instrument that is a Base Index any of the following events;

- a) the calculation or publication of the Base Index is discontinued; or the Base Index is replaced;
- b) a change of the index concept or the calculation methodology of the Base Index, that result in a new index concept or calculation methodology being no longer economically equivalent to the original index concept or calculation methodology; whether this is the case shall be determined by the Index Sponsor in its reasonable discretion (§315 BGB);
- c) any other event that could have a noticeable adverse effect on the Base Index Value; whether this is the case shall be determined by the Index Sponsor in its reasonable discretion (§ 315 BGB).

### **13. Index Sponsor, Index Calculation Agent**

The Index Sponsor has assigned all rights and duties with regard to the calculation of the Index to the Index Calculation Agent. Moreover, the Index Sponsor is at any time authorized to select in its reasonable discretion (§ 315 BGB) a new Index Calculation Agent (the "**New Index Calculation Agent**"), whereas each reference in this description to the Index Calculation Agent shall be deemed as a reference to the New Index Calculation Agent.

### **14. Disclaimer**

The Index exists exclusively in the form of data sets and does not convey any direct or indirect or legal or beneficial interest or ownership in the Instruments. Any action specified above in respect of the Index shall be effected solely on a theoretical basis by an amendment to such data. Neither Institutions issuing financial instruments linked to the Index nor the Index Calculation Agent nor the Index Sponsor are obliged to actually invest or hold an interest in the Instruments directly or indirectly.

The calculation of the Index Value and the weights of the Instruments will be performed by the Index Calculation Agent with all due care. The Index Sponsor and the Index Calculation Agent exclude any liability for except in the event of willful misconduct or gross negligence on their part. Neither the Index Sponsor nor the Index Calculation Agent give any representation or guarantee for the correctness of the market data Instrument the calculations for the Index. Neither the Index Sponsor nor the Index Calculation Agent assume any liability for any direct or indirect damage which may result from an incorrect calculation of the market data Instrument the calculation of the Index Value.

Neither the Index Sponsor nor any person related to the Index has the function of a trustee or advisor towards the holders of financial instruments linked to the Index."

## E. "TAXES" section of the Base Prospectus

The section "TAXES", subsection "ITALY" on page 436 et seqq. of the Base Prospectus is deleted and replaced as follows:

### "ITALY"

*This section contains a brief summary on tax implications related to the Securities for Italian tax laws purposes. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with particular situations which may be of relevance for specific potential investors. It is based on the currently valid Italian tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation as of the date of this Base Prospectus, all of which may be amended from time to time. Such amendments may also be effected with retroactive effect and may negatively impact the tax consequences described below. Potential purchasers of the Securities should consult with their legal and tax advisors to check tax implications of their possible investment in the Securities.*

*This section does not constitute a tax advice and 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 Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

#### ***Tax treatment of Securities issued by an Italian resident issuer***

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

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments, as set out by Article 2, paragraphs 22 and 22-bis, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013.

#### ***Italian resident Security Holders***

Where an Italian resident Security Holder is (a) an individual not engaged in an entrepreneurial activity to which the Securities are connected; (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation (unless the Security Holder has opted for the application of the *risparmio gestito* regime – see “Capital Gains Tax” below), interest, premium and other income relating to the Securities, accrued during the relevant holding period, are subject to a substitute tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent. In the event that the Security Holders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Securities are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relat-

ing to the Securities if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Law No. 232 of 11 December 2016, as subsequently amended (the **Finance Act 2017**) and in Article 1(210-215) of Law No. 145 of 30 December 2018 (the **Finance Act 2019**).

Where an Italian resident Security Holder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected, and the Securities are deposited with an authorised intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Security Holder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Security Holder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), and Article 9, par. 1, Legislative Decree No. 44 of 4 March 2014, payments of interest, premiums or other proceeds in respect of the Securities made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**) or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, and Italian real estate investment companies with fixed capital (the **Real Estate SICAFs** and, together with the Italian resident real estate investment funds, the **Real Estate Funds**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund is subject to taxation in the hands of the unitholder or shareholder regardless of distribution.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital other than a Real Estate SICAF) or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Securities will not be subject to *imposta sostitutiva* nor to any other income tax in the hands of the Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent. (the **Collective Investment Fund Withholding Tax**).

Where an Italian resident Security Holder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano individuale di risparmio a lungo*

*termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, Italian investment companies (*società di intermediazione mobiliare*) (**SIMs**), fiduciary companies, Italian asset management companies (*società di gestione del risparmio*) (**SGRs**), stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary (a) must (i) be resident in Italy or (ii) be a permanent establishment in Italy of a non-Italian resident financial intermediary or (iii) an entity or company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (b) intervene, in any way, in the collection of interest or in the transfer of the Securities. For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities or in a change of the Intermediary with which the Securities are deposited.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Security Holder.

#### ***Non-Italian resident Security Holders***

Where the Security Holder is a non-Italian resident without a permanent establishment in Italy to which the Securities are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended according to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the **White List**); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is established in a country included in the White List, even if it does not possess the status of taxpayer therein.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Security Holders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Security Holders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Securities with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Securities, a statement of the relevant Security Holder, which remains valid until withdrawn or revoked, in which the Security Holder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities

which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

### ***Tax treatment of Securities issued by a non-Italian resident issuer***

Decree 239 also provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by a non-Italian resident issuer.

### ***Italian resident Security Holders***

Where the Italian resident Security Holder is (a) an individual not engaged in an entrepreneurial activity, to which the relevant Securities are connected, (b) a non-commercial partnership, (c) a non-commercial private or public institution, or (d) an investor exempt from Italian corporate income taxation (unless the Security Holders has opted for the application of the *risparmio gestito* regime – see under “Capital Gain Tax” below), interest, premium and other income relating to Securities, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that Security Holders described under (a) and (c) above are engaged in an entrepreneurial activity to which the relevant Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Securities are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Securities if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Where an Italian resident Security Holder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected and the Securities are deposited with an Intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Security Holder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the “status” of the Security Holder, also to IRAP).

Under the current regime provided by Decree 351 and Article 9, par. 1, Legislative Decree No. 44 of 4 March 2014, payments of interest, premiums or other proceeds in respect of the Securities made to Real Estate Funds are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.

If the investor is resident in Italy and is a Fund, and the relevant Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*, but must be included in the management result of the Fund. The Fund will not be subject to taxation on such result, but the

Collective Investment Fund Withholding Tax will apply, in certain circumstances, to subsequent distributions made in favour of unitholders or shareholders.

Where an Italian resident Security Holder 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 Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Pursuant to Decree 239, *imposta sostitutiva* is applied by an Intermediary.

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Securities.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities or in a change of the Intermediary with which the Securities are deposited.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Security Holder.

#### ***Non-Italian resident Security Holders***

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Security Holder of interest or premium relating to Securities issued by a non-Italian resident issuer, provided that, if such Securities are held in Italy, the non-Italian resident Security Holder declares itself to be a non-Italian resident according to Italian tax regulations.

#### ***Payments made by an Italian resident guarantor***

With respect to payments on the Securities made to Italian resident Security Holders 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 Securities may be subject to a provisional withholding tax at a rate of 26 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973. In case of payments to non-Italian resident Security Holders, the final withholding tax may be applied at 26 per cent.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

#### ***Tax treatment of Securities that do not qualify as bonds***

##### *Securitized derivative financial instruments*



Based on the principles stated by the Italian tax authorities (*Agenzia delle Entrate*) in the public Ruling 12 July 2010 No. 72/E, Securities that do not qualify as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), shall be treated as securitised derivative financial instruments for tax purposes when they represent a securitized derivative or a bundle of derivative financial transactions not entailing a static “use of capital” (*impiego di capitale*), but rather an indirect investment in the underlying financial instruments for the purpose of obtaining a profit from the negotiation of such instruments.

In these circumstances, gains and proceeds from the Securities will be taxed in accordance with the modalities set out in paragraph Capital Gain Tax below.

#### ***Atypical securities***

Securities that neither qualify as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) nor as securitised derivative financial instruments, should be treated as atypical securities (*titoli atipici*) for income tax purposes.

In these circumstances, interest payments relating to the Securities may be subject to a withholding tax, levied at the rate of 26 per cent.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Securities that qualify as atypical securities if such Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

In the case of Securities issued by an Italian resident issuer, where the Security Holder is (a) an Italian individual engaged in an entrepreneurial activity to which the Securities are connected; (b) an Italian company or a similar Italian commercial entity; (c) a permanent establishment in Italy of a foreign entity; (d) an Italian commercial partnership; or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Security Holder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Security Holders, the withholding tax rate may be reduced by any applicable tax treaty.

If the Securities are issued by a non-Italian resident issuer, the withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Security Holder and to an Italian resident Security Holder which is (a) a company or similar commercial entity (including the Italian permanent establishment of foreign entities); (b) a commercial partnership; or (c) a commercial private or public institution.

#### ***Capital gains tax***

Any gain obtained from the sale or redemption of the Securities would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Security Holder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Securities are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Security Holder is an (i) an individual holding the Securities not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Security Holder from the sale or redemption of the Securities would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Security Holders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Securities, if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

In respect of the application of *imposta sostitutiva*, taxpayers may choose one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Security Holders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the investor in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given tax year. The relevant Security Holder 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 Security Holders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the “*risparmio amministrato*” regime). Such separate taxation of capital gains is allowed subject to (a) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Security Holder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (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 Security Holder or using funds provided by the Security Holder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities 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 Security Holder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident Security Holders under (i) to (iii) above who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax at a rate of 26 per cent., to be paid by the man-

aging 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 Security Holder is not required to declare the capital gains realised in the annual tax return. Any capital gains realised by a Security Holder who is a Real Estate Fund will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent.; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Security Holder which is a Fund will not be subject to *imposta sostitutiva*. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Withholding Tax.

Any capital gains realised by a Security Holder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (88-114) of Finance Act 2017 and in Article 1(210-215) of Finance Act 2019.

Capital gains realised by non-Italian resident Security Holders, not having a permanent establishment in Italy to which the Securities are connected, from the sale or redemption of Securities issued by an Italian resident issuer and traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Security Holders from the sale or redemption of Securities issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country included in the White List even if it does not possess the status of taxpayer therein.

If none of the conditions above is met, capital gains realised by non-Italian resident Security Holders from the sale or redemption of Securities issued by an Italian resident issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities issued by an Italian resident issuer are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Securities are to be taxed only in the country of tax residence of the recipient,

will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Securities issued by an Italian resident issuer.

Capital gains realised by non-Italian resident Security Holders from the sale or redemption of Securities issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Securities are held outside Italy.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (iv) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (v) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (vi) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

### ***Transfer tax***

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200.00; (ii) private deeds are subject to registration tax only in the case of voluntary registration.

### ***Stamp duty***

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Securities deposited in Italy. The stamp duty applies at a rate of 0.20 per cent.; and cannot exceed €14,000 for taxpayers other than individuals; this stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount or in the case the nominal or redemption values cannot be determined, on the purchase value of the Securities held. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***Wealth Tax on securities deposited abroad***

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent (**IVAFE**).

This tax is calculated on the market value of the Securities at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value or in the case the nominal or redemption values cannot be determined, on the purchase value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due)."

**F. "GENERAL INFORMATION" section of the Base Prospectus**

**1. Principal Shareholders**

In section "GENERAL INFORMATION", subsection "PRINCIPAL SHAREHOLDERS" on page 449 is deleted in its entirety and replaced as follows:

**"Principal Shareholders**

As at 24 January 2019, UniCredit's share capital, fully subscribed and paid-up, amounted to €20,940,398,466.81, comprising 2,230,176,665 ordinary shares.

UniCredit's ordinary shares are listed on the Italian, German and Polish regulated markets<sup>4</sup>. The shares traded on these markets have the same characteristics and confer the same rights on the holder.

As at 24 January 2019, according to available information, the main shareholders holding, directly or indirectly, a relevant participation in UniCredit were:

<b>Major Shareholders</b>	<b>Ordinary Shares</b>	<b>% owned<sup>(1)</sup></b>
Aabar Luxembourg S.A.R.L.	112,141,192	5.028
Dodge & Cox	111,715,904	5.009 <sup>(2)</sup>

<sup>(1)</sup> On share capital at the date of 24 January 2019.

<sup>(2)</sup> non-discretionary asset management

Article 120, paragraph 2, of the Financial Services Act, as a consequence of Legislative Decree No. 25/2016, sets forth that holdings exceeding 3 per cent. of the voting capital of a listed company shall be communicated to both the latter and to CONSOB.

At the date of this document approval, there is no limitation to the exercise of voting rights.

No individual or entity controls UniCredit within the meaning provided for in Article 93 of the Financial Services Act, as amended."

**2. Incorporation by Reference**

In section "GENERAL INFORMATION", subsection "INFORMATION INCORPORATED BY REFERENCE", at the end of the table, on page 451 et seqq. of the Base Prospectus, the following new rows shall be added to the table:

	<b>Pages of the document where the incorporated information is set</b>	<b>Incorporation of information in this Base Prospectus on the following</b>

<sup>4</sup> Further to the disposal of the controlling equity interest in Bank Pekao in June 2017, discussions shall be initiated with the relevant Authorities and market management companies in order to explore the feasibility of revoking the trading of ordinary shares on the Warsaw Stock Exchange in Poland.

	<b>out</b>	<b>pages:</b>
<b>Press Release "Press Release" dated 6 February 2019<sup>3)</sup></b>	Entire document	p.106
<b>Press Release "UniCredit reorganises senior management team to prepare for next strategic circle" dated 6 February 2019<sup>3)</sup></b>	Entire document	p.106
<b>Press Release "UniCredit: Board of Directors' Resolutions" dated 7 February 2019<sup>3)</sup></b>	Entire document	p.106
<b>Press Release "The co-optation of Ms. Elena Carletti as Board Director and member of the Remuneration and the Internal Controls and Risks Committees of UniCredit" dated 7 February 2019<sup>3)</sup></b>	Entire document	p.106
<b>Press Release "UniCredit: a pan-European winner. 4Q18 and FY18 Group Results" dated 7 February 2019<sup>3)</sup></b>		
- UniCredit Group: Reclassified Income Statement	p. 19	p.106
- UniCredit Group: Reclassified Balance Sheet	p. 20	p.106
- UniCredit Group: Staff and Branches	p. 21	p.106
- UniCredit Group: Ratings	p. 21	p.106
- Declaration by the Manager charged with preparing the financial reports	p. 22	p.106
<b>Press Release "Press Release" dated 8 February 2019<sup>3)</sup></b>	Entire document	p.106
<b>Press Release "UniCredit well above the specific capital requirements set by ECB" dated 11 February 2019<sup>3)</sup></b>	Entire document	p.106

<sup>3)</sup> The document is published on the following website of the Issuer:  
<https://www.unicreditgroup.eu/en/press-media/press-releases.html>"

*In the case of any divergence between the information contained in this Supplement and the information contained in the Base Prospectuses or included therein by reference, the information contained in this Supplement shall prevail.*

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