

OFFERING MEMORANDUM

450,000 Trust Preferred Securities
UniCredito Italiano Capital Trust II
Noncumulative Fixed/Floating Rate Guaranteed
Trust Preferred Securities
(Liquidation Preference US\$1,000 per Trust Preferred Security)
guaranteed to the extent described herein by
UniCredito Italiano S.p.A.

The Noncumulative Fixed/Floating Rate Guaranteed Trust Preferred Securities (the "Trust Preferred Securities") offered hereby represent undivided beneficial ownership interests in the assets of UniCredito Italiano Capital Trust II, a statutory business trust created under the laws of the State of Delaware (the "Trust"). The Trust Preferred Securities will be perpetual, will be denominated in US dollars and will have a fixed rate of cash distributions of 9.20 per cent. per annum of the liquidation preference per Trust Preferred Security to but excluding October 5, 2010 and thereafter will have a floating rate of cash distributions of 3.35 per cent. per annum above the London Inter-bank Offered Rate for three-month US dollar deposits ("LIBOR"). The sole assets of the Trust will be the Class B Preferred Securities (the "LLC Class B Preferred Securities") issued by UniCredito Italiano Funding LLC II, a limited liability company created under the laws of the State of Delaware (the "LLC"). UniCredito Italiano S.p.A. ("UniCredito" or the "Bank"), a bank incorporated with limited liability in Italy, will guarantee the Trust Preferred Securities and the LLC Class B Preferred Securities on a subordinated basis (the "Subordinated Guarantee") to the extent described in this offering memorandum. The New York branch of the Bank (the "Branch") will initially own all the common securities of the Trust and the LLC.

Investing in the Trust Preferred Securities involves risks. Please review the section entitled "Investment Considerations" beginning on page 33 of this offering memorandum.

Application has been made to list the Trust Preferred Securities on the Luxembourg Stock Exchange.

The Trust Preferred Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws. Unless so registered, the Trust Preferred Securities may not be offered or sold within the United States or to, or for the account of, US persons (as defined in Regulation S ("Regulation S") under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Trust Preferred Securities are being offered and sold only (i) to "qualified institutional buyers" (as defined under Rule 144A ("Rule 144A") under the Securities Act), (ii) to a limited number of institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) and (7) under the Securities Act) and (iii) pursuant to offers and sales that occur outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. See "Plan of Distribution" and "Notice to Investors." The Trust and the LLC will not be registered under the US Investment Company Act of 1940, as amended.

	Per Trust Preferred Security	Total
Price to investors(1)	US\$999.48	US\$449,766,000
Proceeds, before expenses, to the Trust	US\$999.48	US\$449,766,000

(1) Plus accrued dividends from October 5, 2000, if settlement occurs after that date.

The Bank will pay the Initial Purchasers a commission of US\$10.00 per Trust Preferred Security or US\$4,500,000 in total.

The Trust Preferred Securities are offered severally by the Initial Purchasers, as specified herein, subject to prior sale, when, as and if issued to and accepted by the Initial Purchasers, and subject to the approval of certain legal matters by counsel for the Initial Purchasers and to certain other conditions. It is expected that delivery of the Trust Preferred Securities will be through the facilities of The Depository Trust Company ("DTC"), the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme (formerly Cedelbank) ("Clearstream Luxembourg") or, in the case of institutional accredited investors, other than those purchasing pursuant to Regulation S, in certificated form in New York, New York, on or about October 5, 2000 against payment therefor in immediately available funds.

Merrill Lynch & Co.
(Global Bookrunner and Structuring Advisor)

Chase Securities Inc.

UBS Warburg

UniCredit Banca Mobiliare

The date of this offering memorandum is September 28, 2000.

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UniCredito, the Branch, the Trust and the LLC, having made all reasonable inquiries, confirm that this offering memorandum contains all information with regard to UniCredito, the Branch, the Trust, the LLC and the securities offered hereby that is material in the context of the issue and offering of the Trust Preferred Securities, that the information contained in this offering memorandum is true and accurate and is not misleading, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which would make this offering memorandum or any of such information or the expression of any such opinions or intentions materially misleading.

UniCredito and the Trust accepts responsibility accordingly.

This offering memorandum has been prepared solely for use in connection with the placement of the Trust Preferred Securities and for the listing of the Trust Preferred Securities on the Luxembourg Stock Exchange.

The information contained in this offering memorandum relating to UniCredito, the Branch, the Trust and the LLC was obtained from UniCredito and other sources, but no assurance can be given by the Initial Purchasers as to the accuracy or completeness of such information. The Initial Purchasers assume no responsibility for the accuracy or completeness of the information contained herein (financial, legal or otherwise). In making an investment decision, investors must rely on their own examinations of UniCredito, the Branch, the Trust and the LLC and the terms of this offering, including the merits and risks involved. Moreover, the contents of this offering memorandum are not to be construed as legal, business or tax advice. Each prospective investor is urged to consult its own attorney, business or tax advisor for legal, business or tax advice.

Each prospective investor is hereby offered the opportunity to ask questions of and receive answers from UniCredito concerning its business, the securities and the terms and conditions of this offering. All inquiries relating to UniCredito, the Branch, the Trust and the LLC, this offering memorandum and this offering should be directed to UniCredito, the Branch, the Trust and the LLC and the Initial Purchasers.

No dealer, salesperson or other individual has been authorized to give any information or to make any representations other than those contained in this offering memorandum and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this offering memorandum nor any sale hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of UniCredito, the Branch, the Trust or the LLC since the date hereof or that the information contained herein is correct as of any time after its date.

For US investors only:

This offering memorandum is submitted for personal use to a limited number of institutional and other sophisticated investors for informational use solely in connection with the consideration of the purchase of the securities pursuant to Rule 144A or pursuant to Regulation S or other transactions exempt from registration under the Securities Act. Its use for any other purpose is not authorized. It may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is submitted.

This offering memorandum does not constitute an offer of, or an invitation by or on behalf of, UniCredito, the Branch, the Trust, the LLC, the Initial Purchasers or any of their respective directors, officers and affiliates to subscribe for or purchase any securities in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. Each purchaser of the securities offered hereby must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the securities or possesses or distributes this offering memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales. The distribution of this offering memorandum and the offering of the securities in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes are required by UniCredito, the Branch, the Trust, the LLC and the

Initial Purchasers and their respective directors, officers and affiliates to inform themselves about and to observe any such restrictions. Neither UniCredito nor the Branch, the Trust, the LLC, the Initial Purchasers or any of their respective directors, officers or affiliates has any responsibility therefor. There is no undertaking to register the securities under any state or federal securities laws of the United States. The securities must not be resold in the United States unless they are subsequently registered or an exemption from registration is available.

For a further description of certain restrictions on the offering, sale and resale of the securities offered hereby and on the distribution of this offering memorandum, see "Description of the Trust Preferred Securities—Form, Denomination and Transfer," "ERISA Considerations," "Plan of Distribution" and "Notice to Investors."

The securities have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is unlawful.

The securities offered hereby are not deposits or other obligations of the Bank or the Branch and are not insured by the US Federal Deposit Insurance Corporation or any other governmental agency.

Each subsequent purchaser of the securities will be deemed by its acceptance of those securities to have made certain acknowledgments, representations and agreements intended to restrict the resale or other transfer of those securities as set forth in the securities or described in this offering memorandum and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See "Notice to Investors."

Until 40 days after the commencement of this offering, an offer or sale within the United States by any dealer (whether or not participating in this offering) of the Trust Preferred Securities initially sold pursuant to Regulation S may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A. See "Notice to Investors."

The Trust reserves the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the full amount of the Trust Preferred Securities offered hereby.

In connection with this offering, Merrill Lynch, Pierce, Fenner & Smith Incorporated may over-allot or engage in transactions that stabilize or maintain the market price of the Trust Preferred Securities at levels which might not otherwise prevail. Such transactions may include over-allotment, stabilizing and short-covering transactions. These actions, if commenced, may be discontinued at any time and will in any event be discontinued 30 days after the closing date. These actions may be taken on the Luxembourg Stock Exchange or elsewhere.

The Trust Preferred Securities (other than the Trust Preferred Securities sold pursuant to Regulation S) will be issued and may be transferred only in blocks of 100 Trust Preferred Securities (US\$100,000 liquidation preference) and integral multiples of one Trust Preferred Security (US\$1,000 liquidation preference) in excess thereof. Any such attempted transfer of securities in a block of less than 100 Trust Preferred Securities shall be deemed to be void and of no legal effect whatsoever.

The Trust Preferred Securities may not be purchased or held by (i) any plan, program or arrangement subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") or (ii) any person acting on behalf of or using the assets of any such plan, program or arrangement, unless such purchase or holding is covered by the exemptive relief provided by PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption. Any purchaser or holder of the Trust Preferred Securities or any interest therein will be deemed to have represented by its purchase or holding thereof that either (i) it is not a plan, program or arrangement subject to ERISA or Section 4975 of the Code or it is not purchasing

such securities on behalf of or using the assets of any such plan, program or arrangement or (ii) such purchase or holding is covered by the exemptive relief provided by PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption. If a purchaser or holder of the Trust Preferred Securities that is a plan, program or arrangement subject to ERISA or Section 4975 of the Code elects to rely on an exemption other than PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, the Bank, the Branch or the Trust may require a satisfactory opinion of counsel or other evidence with respect to the availability of such exemption for such purchase or holding. Prospective purchasers must carefully consider the restrictions on purchase set forth in "Notice to Investors" and "ERISA Considerations."

EXCHANGE RATE INFORMATION AND CURRENCY TRANSLATION

This offering memorandum contains translations of certain Italian lira amounts into euro at the rate of LIT 1,936.27 = €1.00. This translation is based on the exchange rate at which the Italian lira was fixed against the euro at the commencement of the third stage of the European Economic and Monetary Union on December 31, 1998 pursuant to the treaty establishing the European Communities (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) (the "Maastricht Treaty").

UniCredito publishes its consolidated financial statements in Italian lire and euro. In this offering memorandum, unless otherwise specified herein or the context otherwise requires, references to "€" and "euro" are to the euro, references to "LIT" are to Italian lire and references to "US\$" or "US dollars" are to United States dollars.

The following table shows, for the years indicated, certain information regarding the noon buying rate in The City of New York for cable transfers in Italian lire and euro as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") expressed in Italian lire per US dollar for the years 1995 through 1998 and in euro per US dollar for 1999 and 2000.

<u>Year</u>	<u>Period End</u>	<u>Average Rate⁽¹⁾</u>	<u>High</u>	<u>Low</u>
<i>In Italian lire</i>				
1995	1,584.40	1,628.95	1,736.25	1,572.50
1996	1,519.00	1,538.37	1,602.00	1,502.70
1997	1,769.00	1,712.15	1,840.75	1,515.70
1998	1,654.00	1,737.20	1,826.75	1,601.70
<i>In euro</i>				
1999	0.9930	0.9446	0.8456	0.9984
2000 (through September 28)	1.1330	1.0655	0.9676	1.1818

⁽¹⁾ The average rate for each period is the average of the Noon Buying Rates on the last day of each month during the period.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes Annotated with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of the State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State of the State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause

to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

AVAILABLE INFORMATION

None of UniCredito, the Branch, the Trust and the LLC is subject to the information requirements of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"). To preserve the exemption for resales and transfers under Rule 144A, each of UniCredito, the Trust and the LLC has agreed that it will promptly provide any holder or any prospective purchaser of the Trust Preferred Securities who is designated by that holder and is a "qualified institutional buyer" ("QIB"), as defined under Rule 144A, upon the request of such holder or prospective purchaser, information meeting the requirements of Rule 144A(d)(4) under the Securities Act, unless it either furnishes information to the SEC in accordance with Rule 12g3-2(b) under the Exchange Act or furnishes information to the SEC pursuant to Section 13 or 15(d) of the Exchange Act. For so long as the Trust Preferred Securities or the LLC Class B Preferred Securities are outstanding, such information will be available, upon request, at the specified offices of the Bank, the Trust, the LLC and (for so long as the Trust Preferred Securities are listed on the Luxembourg Stock Exchange) the Luxembourg Paying Agent (as defined herein). Following completion of this offering, none of UniCredito, the Branch, the Trust and the LLC is otherwise obligated to furnish holders or others with any supplemental information, discussion or analysis of its business or financial reports.

ENFORCEMENT OF CIVIL LIABILITIES

UniCredito is a bank incorporated with limited liability under the laws of Italy. All of its directors and executive officers, and certain experts named herein, reside outside of the United States (principally in the Republic of Italy). In addition, substantially all of the directors and the officers of the LLC reside outside of the United States (principally in the Republic of Italy). All or a substantial portion of the assets of these persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against such persons judgments obtained in the United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. UniCredito has been advised by Brosio, Casati e Associati in association with Allen & Overy that: (i) in general, the enforceability in Italian courts of final judgments of US courts obtained other than by default would not require retrial of the case in Italy; (ii) enforceability in Italy of final judgments of US courts obtained in actions predicated upon the civil liability provisions of the federal securities laws of the United States currently is subject to, among other things: (a) an Italian court's determination that US courts had jurisdiction according to Italian law; (b) a determination that process was appropriately served on the defendant in accordance with US law; (c) appearance before the court by parties to the trial or, in the event of default of appearance by the defendant, the US court's declaration of such default in accordance with the laws of the state in which the trial took place; (d) the judgment not being subject to appeal in accordance with the laws of the state where it was rendered; (e) the absence of a conflicting final judgment by an Italian court; (f) the absence of an action pending in Italy among the same parties and arising from the same facts and circumstances commenced prior to the action in the United States resulting in a final judgment; and (g) the enforcement of such judgment does not violate Italian public policy; and (iii) in original actions in Italy to enforce the civil liability provisions of the federal securities laws of the United States, an Italian court will examine the claims in accordance with Italian procedure and could apply US substantive laws, however, even though such a court could apply US substantive law, it might apply certain domestic provisions of substantive law (other than US substantive law) that are regarded as mandatory in an international context.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding UniCredito's future results of operations and financial condition; (ii) statements of plans, objectives or goals, including those related to UniCredito's operations; and (iii) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "should," "estimates," "forecasts," "expects," "may," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. UniCredito cautions investors that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed or implied in such forward-looking statements, including the following factors: (i) changes in general economic and political conditions; (ii) the performance of financial markets; (iii) interest rate levels; (iv) changes in currency exchange rates; (v) changes in laws and regulations; (vi) changes in the policies of central banks and/or foreign governments; (vii) integration of recently completed acquisitions; (viii) future acquisition strategy; (ix) potential litigation; and (x) competitive factors, in each case on a global, regional and/or national basis. While these factors apply to statements about the Bank in respect of each of the markets in which the Group (as defined below) operates, including most importantly Italy, they may impact statements about the Group's operations in Central and Eastern Europe since the risks of doing business in that region may be higher. See also "Investment Considerations—Risks Associated with Exposure to Central and Eastern Europe."

INCORPORATION BY REFERENCE

The non-consolidated financial statements of the Bank for 1999 and 1998, and certain appendices to the consolidated financial statements which are included in the 1999 Annual Report of the Bank and have been audited by PricewaterhouseCoopers S.p.A., are incorporated by reference herein and purchasers of the Trust Preferred Securities will be deemed to have had access to, and to have reviewed, such information. Nonetheless, because of the reorganization of the Bank, which took place during the first quarter of 2000 (see "Business—Recent Acquisitions"), such financial statements are, in the view of management, of historical interest and do not provide a meaningful picture of the Bank's current operations.

The consolidated financial statements of the Group for 1997, which are included in the 1998 Annual Report of the Group and have been audited by PricewaterhouseCoopers S.p.A., are also incorporated by reference herein, and prospective purchasers of the Trust Preferred Securities will be deemed to have had access to, and to have reviewed, such information. Such financial statements are not fully comparable to the 1998 and 1999 consolidated financial statements included herein for the reasons set forth below under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Copies of the Annual Report of the Bank and the Group containing such financial statements are available upon request from the Bank at Piazza Cordusio, 20123 Milan, Italy, telephone number 39-02-88621.

OFFERING MEMORANDUM SUMMARY

The Group

UniCredito Italiano S.p.A. is a bank incorporated as a limited liability company (*Società per Azioni* or *S.p.A.*) under the laws of Italy and is based in Milan. The Bank, together with all its consolidated subsidiaries, including its branches, are collectively referred to as the "UniCredito Group" or the "Group." The Group is one of the largest financial services groups in Italy and is engaged in a wide range of banking, financial and related activities, in Italy and abroad. These activities include deposit-taking, lending, portfolio management, securities brokerage services and trading, investment banking, international trade finance, corporate finance, foreign exchange, leasing, factoring and insurance.

As of December 31, 1999, the Group was the largest banking group in Italy in terms of gross operating results and net profit. As of August 31, 2000, the Group was the largest banking group in Italy in terms of market capitalization.

The Group is the product of the merger of the national banking group Credito Italiano and the regional banking group Unicredito during October 1998. Credito Italiano, founded in 1870 under the name Banca di Genova, grew to become one of Italy's largest banking institutions with a strong geographical presence in Italy as well as branches abroad. The regional banking group Unicredito was formed by the merger among Cassa di Risparmio di Torino, Cariverona Banca (respectively, the second and the third largest Italian savings banks at the time) and Cassamarca.

The Group's principal executive offices are located at Piazza Cordusio 20123 Milan, Italy, and its telephone number is 39-02-88621.

The Branch

The New York branch of the Bank (the "Branch") is licensed by the Superintendent of Banks of the State of New York to conduct a commercial banking business and engages primarily in corporate banking activities. The deposits of the Branch are not insured by the Federal Deposit Insurance Corporation. The Branch is subject to regulation, supervision and examination by the New York State Banking Department. The Branch is also subject to regulation, supervision and examination by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). The Branch is located at 375 Park Avenue, New York, New York 10152, and its telephone number is (212) 546-9600.

Capital Treatment

The Group intends to treat the LLC Class B Preferred Securities as Tier 1 capital on a consolidated and stand-alone basis under relevant Italian regulatory capital guidelines.

Contemporaneous Offering

Simultaneously with the offering of the Trust Preferred Securities by the Trust hereby, UniCredito Italiano Capital Trust I, a Delaware statutory business trust (the "Other Trust"), is offering an aggregate of up to 540,000 Noncumulative Fixed/Floating Rate Guaranteed Trust Preferred Securities, liquidation preference of €1,000 per security (the "Other Trust Preferred Securities"). The Other Trust Preferred Securities represent preferred beneficial ownership interests in UniCredito Italiano Funding LLC I, a Delaware limited liability company (the "Other LLC"). The Bank, acting through the Branch, is the owner of all the common securities of the Other Trust and the Other LLC. The Other Trust Preferred Securities differ from the Trust Preferred Securities offered hereby, as to, among other things, currency of denomination, but otherwise have terms that are substantially identical to those of the Trust Preferred Securities. The completion of the offering of the Trust Preferred Securities is not contingent upon the completion of the offering of the Other Trust Preferred Securities.

This Offering

For a more complete description of the terms of the Trust Preferred Securities, the LLC Class B Preferred Securities, the Subordinated Guarantee and the Subordinated Notes referred to in the following summary, see "Description of the Trust Securities," "Description of the LLC Securities," "Description of the Subordinated Guarantee" and "Description of the Subordinated Notes" and the documents described therein. Capitalized terms used and not otherwise defined below have the respective meanings given to those terms under those headings.

The Trust	UniCredito Italiano Capital Trust II, a Delaware statutory business trust, is a direct wholly-owned subsidiary of the Bank, acting through the Branch. The Trust will issue its common securities (the "Trust Common Securities") and the Trust Preferred Securities (collectively, the "Trust Securities"). The sole assets of the Trust will be the LLC Class B Preferred Securities.
The LLC	UniCredito Italiano Funding LLC II, a Delaware limited liability company, is a direct wholly-owned subsidiary of the Bank, acting through the Branch. The LLC will issue its common securities (the "LLC Common Securities"), its Class A Preferred Securities (the "LLC Class A Preferred Securities") and the LLC Class B Preferred Securities (collectively, the "LLC Securities"). The sole assets of the LLC will be the Subordinated Notes.
Offered Securities	450,000 Trust Preferred Securities issued by the Trust having an aggregate liquidation preference of US\$450,000,000, and a liquidation preference of US\$1,000 per Trust Preferred Security. The Trust Preferred Securities represent undivided beneficial ownership interests in the assets of the Trust. The Trust Preferred Securities will have terms substantially identical to the terms of the LLC Class B Preferred Securities.
Issue Date	On or about October 5, 2000.
Dividends	Periodic cash distributions ("Dividends") on the Trust Preferred Securities with respect to each Dividend Period (as defined below) will be payable only if Dividends on the LLC Class B Preferred Securities have been declared or deemed declared or paid for the corresponding Dividend Period. Amounts paid to holders of the Trust Preferred Securities in respect of Dividends and other distributions will be limited to payments received by the Trust from the LLC with respect to the LLC Class B Preferred Securities or from

the Bank under the Subordinated Guarantee or otherwise.

Dividends on the LLC Class B Preferred Securities will be payable on a noncumulative basis by the LLC when, as and if declared (or deemed declared) by the LLC's Board of Directors (the "Board") at a fixed rate per annum ("Fixed Dividend Rate") of 9.20 per cent. of the liquidation preference per LLC Class B Preferred Security, from the Issue Date to October 5, 2010 (the "Dividend Reset Date"), and thereafter at a floating rate per annum (each a "Floating Dividend Rate") of 3.35 per cent. above the London Inter-bank Offered Rate for three-month US dollar deposits ("LIBOR").

Dividends at the Fixed Dividend Rate will be payable semiannually in arrear on April 5 and October 5 of each year commencing April 5, 2001 to October 5, 2010, and thereafter quarterly in arrear on each January 5, April 5, July 5 and October 5, commencing January 5, 2011 (each a "Dividend Payment Date").

Prior to the Dividend Period that begins on October 5, 2010, Dividends on the Trust Preferred Securities and the LLC Class B Preferred Securities will be calculated on the basis of a 360-day year of twelve 30-day months for any full Dividend Period. Dividends payable on each Dividend Payment Date will be calculated as provided below from and including the immediately preceding Dividend Payment Date (or from and including October 5, 2000 with respect to the Dividend payable on April 5, 2001) to but excluding the relevant Dividend Payment Date or Redemption Date (as defined below), as the case may be (each such period, a "Dividend Period").

With respect to each Dividend Period commencing with the Dividend Period that begins on October 5, 2010, Dividends will be calculated on the liquidation preference of the Trust Preferred Securities and the liquidation preference of the LLC Class B Preferred Securities, respectively, on a quarterly basis for each such Dividend Period from and including the LIBOR Reset Date (as defined herein) falling in such quarter to but excluding the LIBOR Reset Date falling in the next succeeding Dividend Period at a Floating Dividend Rate determined on

the related LIBOR Determination Date (as defined herein) for such Dividend Period. The Dividend in respect of each Dividend Period that commences on or after October 5, 2010 will be calculated on the basis of a 360-day year and the actual number of days in such Dividend Period. Each Dividend Payment Date on or after October 5, 2010 will also be a LIBOR Reset Date.

The LLC will be required to pay Dividends in full ("Required Dividends") on the LLC Class B Preferred Securities on each Dividend Payment Date unless: (1) the Bank does not have, according to the unconsolidated annual accounts of the Bank relating to the financial year immediately preceding the financial year in which the Dividend Payment Date falls or, where such accounts are not available, the last set of unconsolidated accounts approved by the Bank, net profits ("Distributable Profits") that would be available for the payment of a dividend or the making of a distribution on any class of its share capital and/or the Bank has not declared or paid dividends on any class or series of its share capital for the financial year in which such Dividend Payment Date falls; (2) the Bank is otherwise prohibited under applicable Italian banking laws or regulations from declaring a dividend or making a distribution on any class of its share capital; or (3) a Shift Event (as defined below) has occurred and is continuing or would result from the payment thereof; *provided, that*, the LLC will be prohibited from paying Dividends for any Dividend Period upon the occurrence and during the continuation of a Shift Event; *provided, however*, that notwithstanding the foregoing, if (A) dividends or other distributions are declared or paid or (B) certain redemptions, repurchases or other acquisitions are made by the Bank or any Subsidiary (as defined below), as the case may be, on or in respect of any Parity Securities (as defined below) or by the Bank on or in respect of any Junior Securities (as defined below), the LLC will be required to declare and pay Dividends on the LLC Class B Preferred Securities in the manner and in the amounts described herein under "Description of the LLC Preferred Securities—LLC Class B Preferred Securities—Dividends."

If for any reason any Required Dividends are not declared on any Dividend Payment Date then, under the terms of the LLC's Amended and Restated Limited Liability Company Agreement (the "LLC Agreement"), such Required Dividends automatically will be deemed declared and *authorized to be paid on such Dividend Payment Date.*

Dividends on the LLC Class B Preferred Securities will not be cumulative and Dividends which are not declared (or deemed declared) for payment will not accumulate or compound from Dividend Period to Dividend Period. This means that, if Dividends are not declared (or deemed declared) in full or in part on any Dividend Payment Date on the LLC Class B Preferred Securities, holders of the LLC Class B Preferred Securities (and, consequently, holders of the Trust Securities) will not, and will have no right to, receive those Dividends or the unpaid portion of those Dividends at any time, even if Dividends or other distributions are declared (or deemed declared) or paid for any future Dividend Period.

"Parity Securities" means (1) any guarantee or similar instrument (other than the Subordinated Guarantee) issued by the Bank which ranks equally with the Subordinated Guarantee (including any such guarantee or similar instrument of preferred securities or preferred or preference shares issued by any Subsidiary (including the subordinated guarantee issued by the Bank with respect to the preferred securities issued by UniCredito Italiano Capital Trust I and UniCredito Italiano Funding LLC I)) and (2) the preferred securities or preferred or preference shares issued by a Subsidiary with the benefits of a guarantee or similar instrument from the Bank (including the preferred securities issued by *UniCredito Italiano Capital Trust I and UniCredito Italiano Funding LLC I*), which guarantee or similar instrument ranks equally with the Subordinated Guarantee, but does not include any such securities or shares issued to the Bank by any such Subsidiary.

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

	<p>"Junior Securities" means all share capital of the Bank, including its preferred shares ("<i>Azioni Privilegiate</i>"), ordinary shares and savings shares ("<i>Azioni di Risparmio</i>"), now or hereafter issued, other than any share capital of the Bank that expressly or effectively ranks on a parity with or senior to any Parity Security.</p>
Shift Events	<p>A "Shift Event" will be deemed to have occurred if: (1) as a result of losses incurred by the Bank, on a consolidated or stand-alone basis, the total risk-based capital ratio of the Bank, on a consolidated or stand-alone basis, as calculated in accordance with applicable Italian banking laws and regulations, and either (A) reported in the Bank's annual or semiannual consolidated or stand-alone accounts or (B) determined by the Bank of Italy and communicated to the Bank, falls below the then minimum requirements of the Bank of Italy specified in its February 2000 regulations governing <i>Strumenti Innovativi di Capitale</i>, as amended (currently 5.0 per cent.); or (2) proceedings are commenced for the liquidation, dissolution or winding-up of (or similar proceedings with respect to) the Bank or (3) the Bank of Italy, in its sole discretion, notifies the Bank that it has determined that the Bank's financial condition is deteriorating such that an event specified in either of clauses (1) or (2) will occur in the near term.</p> <p>Upon the occurrence of a Shift Event, all of the LLC Class A Preferred Securities will be automatically redeemed for the then outstanding Subordinated Notes, without redemption of the LLC Class B Preferred Securities.</p>
The Subordinated Guarantee	<p>The Subordinated Guarantee is intended to provide holders of the Trust Securities with rights to Dividends and Additional Amounts (as defined below) and holders of the LLC Class B Preferred Securities with rights to Dividends and LLC Additional Amounts (as defined below) and, in each case, rights upon redemption or liquidation that are equivalent to those to which the holders would have been entitled if the Trust Preferred Securities or the LLC Class B Preferred Securities, as the case may be, were issued directly by the Bank.</p> <p>Accordingly, to the extent and for the amount not otherwise paid in accordance with the terms of the Trust Securities, the Bank will be obligated</p>

unconditionally (without duplication) under the Subordinated Guarantee with respect to the Trust Securities to pay: (1) Dividends that are due and payable (or deemed payable) on the Trust Securities (which are calculated and payable on the same basis as Dividends on the LLC Class B Preferred Securities); (2) the applicable Redemption Price (as defined below) with respect to any Trust Securities called for redemption by the Trust; (3) upon liquidation of the Trust, the liquidation preference per Trust Security; and (4) Additional Amounts, if any, with respect to any payment referred to in (1), (2) or (3), plus, in each case, interest accrued thereon from the date of making the claim under the Subordinated Guarantee with respect to the Trust Securities.

In addition, to the extent and for the amount not otherwise paid in accordance with the terms of the LLC Class B Preferred Securities, the Bank will be obligated unconditionally (without duplication) under the Subordinated Guarantee with respect to the LLC Class B Preferred Securities to pay: (1) Dividends that have been declared (or deemed declared) on the LLC Class B Preferred Securities; (2) the applicable Redemption Price with respect to any LLC Class B Preferred Securities called for redemption by the LLC; (3) upon liquidation of the LLC, the liquidation preference per LLC Class B Preferred Security; and (4) LLC Additional Amounts, if any, with respect to any payment referred to in (1), (2) or (3), plus, in each case, interest accrued thereon from the date of making the claim under the Subordinated Guarantee with respect to the LLC Class B Preferred Securities.

Any payment that the Bank is required to make under the Subordinated Guarantee is referred to herein as a "Subordinated Guarantee Payment."

Notwithstanding the restrictions on the declaration and payment of Dividends by the LLC, the Bank will be permitted to make payments to the Trust, as holder of the LLC Class B Preferred Securities, or to holders of the Trust Preferred Securities, in each case under the Subordinated Guarantee or otherwise in its discretion: *provided, however*, that the Bank will be prohibited from making any Subordinated Guarantee Payment so long as a Shift Event has occurred and is continuing; and *provided, further*, that, notwithstanding the foregoing, if

(A) dividends or other distributions are declared or paid or (B) certain redemptions, repurchases or other acquisitions are made by the Bank or any Subsidiary, as the case may be, on or in respect of any Parity Securities or by the Bank on or in respect of any Junior Securities, the Bank will be required to make a Subordinated Guarantee Payment in respect of Required Dividends on the LLC Class B Preferred Securities in the manner and amount described herein under "Description of the LLC Preferred Securities—LLC Class B Preferred Securities—Dividends" and "Description of the Subordinated Guarantee—General."

Subject to applicable law, the Bank's obligations under the Subordinated Guarantee constitute unsecured obligations of the Bank and will rank subordinate and junior to all indebtedness of the Bank (other than any instrument or contractual right expressed to rank *pari passu* with the Subordinated Guarantee) and senior to all share capital of the Bank, including its preferred shares, ordinary shares and savings shares.

Ranking

In the event of any voluntary or involuntary liquidation, dissolution, winding up or termination of the Trust, and with respect to Dividend payments and payments upon redemption, the Trust Preferred Securities and the Trust Common Securities will rank *pari passu* with each other, except upon and during the continuance of an event of default under the Subordinated Notes or the Subordinated Guarantee, in which case holders of the Trust Preferred Securities will have a preference over holders of the Trust Common Securities as to Dividend payments and payments upon redemption and liquidation. The Trust Preferred Securities will rank *pari passu* among themselves.

Prior to a Shift Event, the LLC Class B Preferred Securities will rank senior to the LLC Class A Preferred Securities and the LLC Common Securities with respect to Dividends and distributions upon redemption and liquidation. Subject to the consequences of the occurrence and continuation of a Shift Event, upon a liquidation, dissolution or winding up of the LLC, the LLC Class B Preferred Securities will rank junior to the LLC Class A Preferred Securities and senior to the LLC Common Securities with respect to distributions upon liquidation. The LLC

Class B Preferred Securities will rank *pari passu* among themselves.

LLC Class A Preferred Securities

The LLC Class A Preferred Securities represent limited liability company interests in the LLC. All of the LLC Class A Preferred Securities will initially be owned directly by the Bank, acting through the Branch. Any sale, transfer or other disposition by the Bank of the LLC Class A Preferred Securities to another branch of the Bank will require the receipt by the Bank of (1) an opinion of a nationally recognized law firm in the United States experienced in such matters to the effect that (A) the LLC will continue to be treated as a partnership for United States federal income tax purposes and such transfer will not cause the LLC to be classified as an association or publicly traded partnership taxable as a corporation for the United States federal income tax purposes. (B) such transfer will not cause the LLC or the Trust to be required to register under the 1940 Act (as defined herein) and (C) such transfer will not adversely affect the limited liability of the holders of the LLC Class B Preferred Securities and (2) written confirmation from the Bank of Italy that such transfer will not cause a Capital Event (as defined below under “—Redemptions and Repurchases”).

The LLC Class A Preferred Securities are non-voting.

Prior to liquidation, dissolution or winding up of the LLC, Dividends on the LLC Class A Preferred Securities will be paid as, when and if declared by the Board, but only after payment of all Required Dividends to holders of the LLC Class B Preferred Securities. It is expected that all net income of the LLC, to the extent not otherwise required to be distributed in respect of the LLC Class B Preferred Securities for any Dividend Payment Date, will be distributed as Dividends on the LLC Class A Preferred Securities prior to the occurrence of a Shift Event. The payment of Dividends on the LLC Class A Preferred Securities is not a condition to the payment of Dividends on the LLC Class B Preferred Securities. After the occurrence of a Shift Event, all net income of the LLC, to the extent not otherwise required to be distributed in respect of the LLC Class B Preferred Securities for any Dividend Payment Date, will be

distributed as Dividends on the LLC Common Securities.

Except upon the occurrence of a Shift Event and subject to certain exceptions described herein, the LLC may not repurchase, redeem or otherwise acquire or set apart funds for repurchase, redemption or other acquisition of any LLC Class A Preferred Securities through a sinking fund or otherwise so long as the LLC Class B Preferred Securities are outstanding.

Payment of Additional Amounts

All payments in respect of the Trust Securities made by or on behalf of the Trust will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by or on behalf of Italy, the United States or any jurisdiction where an Eligible Borrower (as defined below) is located (each, a "Relevant Jurisdiction") or any authority therein or thereof having power to tax (collectively, "Relevant Tax") payable by or on behalf of the Trust, unless the withholding or deduction of such Relevant Tax is required by law. In that event, the Trust will pay, as further Dividends, such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the holders of the Trust Securities (or a third party on the holder's behalf), after such withholding or deduction, will equal the amount which would have been received in respect of the Trust Securities in the absence of such withholding or deduction, except that no such Additional Amounts will be payable to a holder of Trust Securities (or to a third party on the holder's behalf) with respect to any Trust Securities to the extent that such Relevant Tax is imposed or levied by virtue of such holder (or the beneficial owner of such Trust Securities) (i) having some connection with the Relevant Jurisdiction, other than being a holder (or beneficial owner) of such Trust Securities or (ii) not having made a declaration of non-residence in, or other lack of connection with, the Relevant Jurisdiction or any similar claim for exemption, if the Bank or its agent has provided the beneficial owner of such Trust Securities or its nominee with at least 60 days' prior written notice of an opportunity to make such a declaration or claim.

The LLC will pay additional amounts ("LLC Additional Amounts") to each holder of the LLC

Class B Preferred Securities as may be necessary so that every payment in respect of the Trust Preferred Securities, after withholding for any Relevant Tax payable by or on behalf of the LLC, will not be less than the amount otherwise required to be paid, subject to certain exceptions described herein.

Under the Subordinated Guarantee, the Bank will pay additional amounts ("Guarantor Additional Amounts") as may be necessary so that every payment thereunder, after withholding for any Relevant Tax, payable by or on behalf of the Bank, will not be less than the amount otherwise required to be paid, subject to certain exceptions described herein.

Under the Subordinated Notes, the related Eligible Borrower will pay additional amounts ("Subordinated Note Additional Amounts") as may be necessary so that every payment thereunder, after withholding for any Relevant Tax payable by or on behalf of the related Eligible Borrower, will not be less than the amount otherwise required to be paid, subject to certain exceptions described herein.

Redemption and Repurchases

The LLC Class B Preferred Securities may be redeemed by the LLC, at its option, in whole or in part, at the Regular Redemption Price (as defined below) on any Dividend Payment Date occurring on or after October 5, 2010, subject to receipt of the prior approval of the Bank and, if then required, the Bank of Italy. Upon the occurrence of an LLC Special Event (as defined below) (other than a Tax Event with respect to the LLC), the LLC Class B Preferred Securities may be redeemed by the LLC, at its option, in whole but not in part, at the Regular Redemption Price on any Dividend Payment Date on or after October 5, 2010 (a "Regular Redemption Date"), or at the Special Redemption Price (each as defined below) on any Dividend Payment Date prior to October 5, 2010 (the "Special Redemption Date" and, together with the Regular Redemption Date, a "Redemption Date"), in each case, with the prior approval of the Bank and, if then required, the Bank of Italy. Upon the occurrence of a Tax Event (as defined below) with respect to the LLC, the LLC Class B Preferred Securities may be redeemed by the LLC, at its option, in whole but not in part, at the Regular Redemption Price on any Dividend Payment Date,

with prior approval of the Bank and, if then required, the Bank of Italy.

If the LLC redeems the LLC Class B Preferred Securities, the Trust must redeem a number of Trust Securities having an aggregate liquidation preference equal to the aggregate liquidation preference of the LLC Class B Preferred Securities so redeemed at the Regular Redemption Price or Special Redemption Price, as the case may be, per Trust Security. In addition, following any liquidation of the Trust as a result of the occurrence of a Trust Special Event (as defined below), holders of the Trust Securities will receive a corresponding number of LLC Class B Preferred Securities with the equivalent aggregate liquidation preference.

The "Regular Redemption Price" means the liquidation preference per LLC Class B Preferred Security, plus any accumulated and unpaid Dividends for the Dividend Period immediately preceding the related Regular Redemption Date and any unpaid Required Dividends, plus LLC Additional Amounts thereon, if any.

"Special Redemption Price" means the greater of (1) the liquidation preference per LLC Class B Preferred Security and (2) the Make-Whole Amount (as defined below), plus, in the case of either (1) or (2), any accumulated and unpaid Dividends for the Dividend Period immediately preceding the Special Redemption Date and any unpaid Required Dividends, plus LLC Additional Amounts thereon, if any.

"Redemption Price" means the Regular Redemption Price or the Special Redemption Price, as the case may be.

"Make-Whole Amount" means the amount equal to the sum of the present value of the liquidation preference per LLC Class B Preferred Security, together with the present values of the scheduled noncumulative dividend payments per LLC Class B Preferred Security from the Special Redemption Date to the Dividend Payment Date on October 5, 2010, in each case, discounted to the Special Redemption Date on a semiannual basis at the Adjusted Treasury Rate (as defined herein) (calculated on the basis of a 360-day year consisting of twelve 30-day months).

An "LLC Special Event" means (1) a Capital Event, (2) an Investment Company Event with respect to the LLC or (3) a Tax Event with respect to the LLC.

A "Trust Special Event" means (1) an Investment Company Event solely with respect to the Trust, but not with respect to the LLC or (2) a Tax Event solely with respect to the Trust, but not with respect to the LLC.

A "Capital Event" means the Bank is notified by the Bank of Italy to the effect that the LLC Class B Preferred Securities may not be included in the consolidated or stand-alone Tier 1 capital of the Bank.

An "Investment Company Event" means that the Bank shall have requested and received an opinion of a nationally recognized United States law firm experienced in such matters to the effect that there is more than an insubstantial risk that the Trust or the LLC is or will be considered an "investment company" within the meaning of the US Investment Company Act of 1940, as amended (the "1940 Act"), as a result of any judicial decision, any pronouncement or interpretation (irrespective of the manner made known), any adoption or amendment of any law, rule or regulation or any notice or announcement (including any notice or announcement of intent to adopt such rule or regulation) by any United States legislative body, court, governmental agency or regulatory authority after the date hereof.

A "Tax Event" means the receipt by the Bank of an opinion of a nationally recognized law firm or other tax adviser in the Relevant Jurisdiction, as appropriate, experienced in such matters, to the effect that, as a result of: (1) any amendment to, or clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations promulgated thereunder) of the Relevant Jurisdiction or any political subdivision or taxing authority thereof or therein affecting taxation; (2) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (an "Administrative Action"); or (3) any amendment to, clarification of, or change in the official position or the interpretation of

such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental, administrative or regulatory authority or body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, on or after the date of issuance of the Trust Securities and the LLC Class B Preferred Securities as a result of which, there is more than an insubstantial risk that: (A) the Trust or the LLC is or will be subject to more than a *de minimis* amount of taxes, duties or other governmental charges; (B) if a payment in respect of the Trust Securities or the LLC Class B Preferred Securities were to be due (whether or not the same is in fact then due) on or before the next Dividend Payment Date the Trust or the LLC, as the case may be, would be unable to make such payment without having to pay Additional Amounts or LLC Additional Amounts, as the case may be; or (C) if a payment in respect of the Subordinated Notes were to be due (whether or not the same is in fact then due) on or before the next interest payment date in respect of the Subordinated Notes, the related Eligible Borrower would be unable to make such payment without having to pay Subordinated Note Additional Amounts; *provided, however*, that none of the foregoing events shall constitute a Tax Event if such event or events may be avoided by the related Eligible Borrower, the Trust or the LLC taking reasonable measures which (x) do not require the incurrence of material out-of-pocket expenses and (y) would not otherwise be disadvantageous to the Bank, the Branch or the related Eligible Borrower, as determined in the Bank's discretion.

Subject to certain exceptions described herein under "Description of the Trust Securities—Redemption" and in the LLC Agreement, so long as any LLC Class B Preferred Securities are outstanding, neither the Bank nor any Subsidiary will be entitled to redeem, repurchase or otherwise acquire, or set apart funds for the redemption, repurchase or other acquisition of, any Parity Securities or Junior Securities, through a sinking fund or otherwise, unless and until (A) full Dividends on all LLC Class B Preferred Securities for the prior financial year (or such lesser period during which the LLC Class B Preferred Securities have been outstanding) are paid or a sum sufficient for payment has been paid to the paying agent for payment of such Dividends and (B) the LLC has declared Dividends on the LLC Class B Preferred Securities in full at the Dividend Rate for the then current Dividend Period and sufficient funds have been paid to the paying agent for payment of such Dividends. It is an obligation of the Bank to ensure that its affiliates observe the foregoing limitations.

Liquidation Preference	Trust Preferred Securities: liquidation preference of US\$1,000 per Trust Preferred Security.
	LLC Class B Preferred Securities: liquidation preference of US\$1,000 per LLC Class B Preferred Security.
	The Trust will only be dissolved, liquidated, wound-up or terminated in the limited circumstances described under "Description of the Trust Securities—Liquidation Distribution Upon Dissolution." In the event of any such voluntary or involuntary dissolution, liquidation, winding up or termination of the Trust, holders of the Trust Preferred Securities will be entitled to receive a corresponding number of the LLC Class B Preferred Securities with an equivalent aggregate liquidation preference.
	So long as the LLC Class B Preferred Securities are outstanding, the LLC will only be liquidated, dissolved or wound-up upon the liquidation, dissolution, winding-up or termination of the Bank and with the prior approval, if then required, of the Bank of Italy. In the event of any such voluntary or involuntary dissolution, liquidation or winding up of the LLC, holders of the LLC Class B Preferred Securities will, subject

to certain limitations, be entitled to receive out of assets of the LLC available for distribution to security holders after satisfaction of liabilities of creditors in accordance with applicable law, the liquidation preference per LLC Class B Preferred Security, plus declared or deemed declared and unpaid Dividends thereon, if any, to the date of such liquidation, without any interest, it being understood that, in any such circumstance, the LLC will be entitled to make a prior liquidation distribution to the holder of the LLC Class A Preferred Securities of all of the assets of the LLC, including the aggregate principal amount of then outstanding Subordinated Notes.

Upon liquidation, dissolution or winding up of the LLC, the Property Trustee (as defined herein) shall enforce the Subordinated Guarantee with respect to the LLC Class B Preferred Securities solely for the benefit of the Trust as sole holder of the LLC Class B Preferred Securities.

Because the holders of the LLC Class A Preferred Securities have a claim senior to that of the holders of the LLC Class B Preferred Securities upon liquidation, dissolution or winding up of the LLC and the holders of the LLC Class A Preferred Securities will be entitled to receive as the liquidation distribution the Subordinated Notes, it is anticipated that the claim of the holders of the LLC Class B Preferred Securities in liquidation will be required to be satisfied under the Subordinated Guarantee with respect to the LLC Class B Preferred Securities.

So long as any LLC Class B Preferred Securities are outstanding, if the Bank is dissolved, liquidated, wound-up or terminated, the LLC must be dissolved, liquidated or wound-up. So long as any Trust Preferred Securities are outstanding, if the Bank or the LLC is dissolved, liquidated, wound-up or terminated, the Trust must be dissolved, liquidated, wound-up or terminated.

Under the terms of the LLC Agreement, and to the fullest extent permitted by law, the LLC shall not be dissolved until all claims under the Subordinated Guarantee shall have been paid to the fullest extent pursuant to the terms thereof.

Regular Independent Director The LLC Agreement will provide that, for as long as any LLC Class B Preferred Securities are

outstanding, there will at all times be a member of the Board that is not an officer, employee, non-independent director or affiliate of the Bank or any of its affiliates and who, to the fullest extent permitted by law, shall act exclusively on behalf of the holders of the LLC Class B Preferred Securities (the "Regular Independent Director").

To the fullest extent permitted by law, the Regular Independent Director will at all times be obligated to act in the best interests of the holders of the LLC Class B Preferred Securities, a majority in liquidation preference of whom will at all times be entitled to replace the Regular Independent Director in such majority's sole and absolute discretion.

So long as any LLC Class B Preferred Securities are outstanding, certain actions (the "Designated Actions") by the LLC must be approved by the Regular Independent Director as well as by a majority of the entire Board. The Designated Actions include: (1) any payment of Dividends on any LLC Class A Preferred Securities prior to the occurrence of a Shift Event or the payment of dividends or the making of distributions on the LLC Common Securities other than in accordance with the LLC Agreement; (2) the conversion of the LLC into another type of entity or the consolidation or merger of the LLC into any other entity, the consolidation or merger of any other entity with or into the LLC or the sale of all or substantially all of the assets of the LLC other than in accordance with the LLC Agreement; (3) to the fullest extent permitted by law, any dissolution, liquidation or winding up of the LLC that is not concurrent with the liquidation of the Bank; (4) any amendment or modification of the LLC Class B Preferred Securities, the Subordinated Guarantee with respect to the LLC Class B Preferred Securities or the Subordinated Notes (or any other security, contract obligation, agreement or instrument that is an asset of the LLC) which adversely affects the powers, preferences or special rights of the LLC Class B Preferred Securities in any material respect; (5) the approval of the sale, transfer or other disposition by the Bank of the LLC Common Securities other than to a branch of the Bank or a subsidiary of the Bank which is deemed to be a "company controlled by the parent

company” within the meaning of Rule 3a-5 of the 1940 Act; and (6) any other action by the LLC or the Bank that could reasonably be expected to adversely affect the interests of the holders of the LLC Class B Preferred Securities in any material respect.

The Regular Independent Director, acting alone and without the vote or consent of the other members of the Board (other than any Special Independent Director), will be entitled to take any and all such actions on behalf of the LLC in respect of the Subordinated Notes, the Subordinated Guarantee or any other right or remedy or course of action available to the LLC against the Bank, the Branch or any other party; *provided, however*, that, unless required by law to do so, the Regular Independent Director shall not take any action if otherwise directed by the Property Trustee as the holder of the LLC Class B Preferred Securities.

Voting Rights

Except as otherwise expressly provided, all voting rights shall vest in the LLC Common Securities and the Trust Common Securities. Holders of the Trust Preferred Securities will not have any voting rights, except that the holders of a majority of the outstanding Trust Preferred Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Property Trustee or to direct the exercise of any trust or power conferred upon the Property Trustee under the amended and restated trust agreement of the Trust (the “Trust Agreement”), including the right to direct the Property Trustee, as holder of the LLC Class B Preferred Securities, to pursue any remedy available to such holders against the Bank under the Subordinated Guarantee with respect to the LLC Class B Preferred Securities.

If the Property Trustee fails to enforce (i) the rights of the Trust under the LLC Class B Preferred Securities against the LLC or (ii) the rights of a holder of the Trust Preferred Securities under the Subordinated Guarantee with respect to the LLC Class B Preferred Securities against the Bank after a holder of the Trust Preferred Securities has made a written request, such holder may directly institute a legal proceeding against the LLC to enforce the Trust’s rights under the LLC Class B Preferred Securities or against the

Bank to enforce such holder's rights under the Subordinated Guarantee with respect to the LLC Class B Preferred Securities without first instituting any legal proceeding against the Property Trustee, the Trust, the LLC or the Independent Directors.

The LLC Class A Preferred Securities will be non-voting.

The LLC Class B Preferred Securities will also be non-voting, except that holders of the LLC Class B Preferred Securities (and consequently, holders of the Trust Preferred Securities) are entitled to elect one additional member to the Board that is not an officer, employee, non-independent director or affiliate of the Bank or any of its affiliates (a "Special Independent Director" and together with the Regular Independent Director, the "Independent Directors") upon the occurrence of a Shift Event or if Required Dividends and any LLC Additional Amounts have not been paid in full by the LLC or by the Bank under the Subordinated Guarantee for any Dividend Payment Date. In addition, a majority in liquidation preference of the outstanding LLC Class B Preferred Securities will have the right to replace the Special Independent Director at any time and for any reason.

With certain exceptions, the Subordinated Guarantee may not be modified, except with the prior approval of the holders of not less than 66 $\frac{2}{3}$ per cent. of the aggregate liquidation amount of the outstanding Trust Preferred Securities (excluding any Trust Preferred Securities held by the Bank or any of its affiliates, with certain exceptions).

Subordinated Notes

The LLC will use the proceeds from the issuance of the LLC Securities to purchase subordinated indebtedness of the Bank, acting through the Branch (the "Initial Subordinated Notes").

The Initial Subordinated Notes will constitute an unsecured obligation of the Bank which is the most subordinated debt instrument of the Bank and is junior in right of payment to all present and future senior indebtedness of the Bank.

Interest on the Initial Subordinated Notes will accrue from the issue date and will be payable (1) to the interest payment date occurring on October 5, 2010, semiannually in arrear on the

same dates as the Dividend Payment Dates of the Trust Preferred Securities and the LLC Class B Preferred Securities at the annual rate of 9.20 per cent. of the principal amount thereof and (2) thereafter, quarterly in arrear, on the same dates as the quarterly Dividend Payment Dates of the Trust Preferred Securities and the LLC Class B Preferred Securities at the annual rate of 3.35 per cent. above LIBOR of the principal amount thereof.

The Initial Subordinated Notes will mature on December 31, 2050 (*provided, however*, that if the corporate life of the Bank extends beyond such date, such date may be extended by mutual consent of the LLC and the Bank).

The Initial Subordinated Notes will be subject to redemption by the Branch at any time, with prior approval, if then required, of the Bank of Italy.

In the event that the Bank shall become subject to certain liquidation proceedings under Italian law, the holders of the Subordinated Notes may, to the extent that such Subordinated Notes have not become due by operation of law, declare the principal amount of such Subordinated Notes to be immediately due and payable, together with accrued interest to but excluding the date of repayment. Otherwise, the holders of the Subordinated Notes will not have any right to accelerate the payment of principal thereunder.

The Bank will have the right to substitute for the Branch as obligor under the Initial Subordinated Notes and any successor subordinated debt, the Bank or another non-Italian branch of the Bank (together with the Branch, the "Eligible Borrowers") upon the satisfaction of certain conditions. In addition, the Bank may cause the LLC to reinvest the repayment proceeds or the proceeds upon maturity of the Initial Subordinated Notes into other subordinated debt of an Eligible Borrower ("Subordinated Notes"). The Bank may make such substitution or cause such reinvestment only if: (1) there would be no adverse tax consequences to the Bank as a consequence of such substitution or reinvestment; (2) there would be no adverse withholding tax consequences to holders of the Trust Preferred Securities or the LLC Class B Preferred Securities; (3) the Bank receives written confirmation from the Bank of Italy approving

such substitution or reinvestment and that the LLC Class B Preferred Securities would continue to qualify as Tier 1 capital of the Bank on a consolidated and stand-alone basis; (4) neither the Trust nor the LLC would be required to register as an investment company under the 1940 Act; (5) the LLC would continue to be treated as a partnership and the Trust would be classified as a grantor trust, in each case, for US federal income tax purposes; and (6) the Bank delivers to the Regular Independent Director an officers' certificate and an opinion of counsel stating that all conditions precedent to any substitution have been complied with.

Services Agreement	The LLC and the Trust will enter into the Services Agreement with the Branch. Under the Services Agreement, the Branch will be obligated, among other things, to provide legal, accounting, tax and other general support services, to maintain compliance with all pertinent US and Italian local, state and federal laws, and to provide necessary administrative, record-keeping and secretarial services for the LLC and the Trust. As the holder of the LLC Common Securities and the Trust Common Securities, the Branch will pay all the fees and expenses of the LLC and the Trust. The Services Agreement may not be terminated so long as any of the LLC Securities or the Trust Securities remain outstanding.
Governing Law	The LLC Agreement, including the terms of the LLC Securities, and the Trust Agreement, including the terms of the Trust Securities, will be governed by the laws of the State of Delaware. The Services Agreement will be governed by New York law. Each of the Subordinated Guarantee and the Subordinated Notes will be governed by the laws of the State of New York, except that the respective subordination provisions thereof will be governed by the laws of Italy.
Listing	Application has been made to list the Trust Preferred Securities on the Luxembourg Stock Exchange.
Form and Denomination	The Trust Preferred Securities will be issued in denominations of US\$1,000 per Trust Preferred Security. The Trust Preferred Securities initially sold to qualified institutional buyers in reliance on Rule 144A will be represented by one or more global Trust Preferred Securities in fully registered form, deposited with the Property Trustee, as

custodian for and registered in the name of a nominee of DTC. Trust Preferred Securities sold to non-US persons will be evidenced by a Regulation S global security registered in the name of a nominee of DTC and deposited with The Bank of New York, for the accounts of Euroclear and Clearstream Luxembourg. Beneficial interests in such global Trust Preferred Securities will be shown on, and transfers thereof will be effected through, records maintained by DTC and its participants. Any Trust Preferred Securities sold other than in reliance upon Rule 144A or Regulation S will be issued in certificated form. Except under limited circumstances described herein, Trust Preferred Securities in certificated form will not be issued in exchange for interests in the global Trust Preferred Securities. See "Description of the Trust Securities—Form, Denomination and Transfer."

Certain Covenants of the Bank

The Bank will agree, *inter alia*, that, for so long as any of the Trust Preferred Securities or the LLC Class B Preferred Securities are outstanding, it will procure that each of its subsidiaries and affiliates observe the restrictions imposed on it by virtue of the *Trust Agreement* and/or the *LLC Agreement*. The Bank and LLC will agree, *inter alia*, that, for so long as any of the Trust Preferred Securities or the LLC Class B Preferred Securities are outstanding: (1) it will not issue any preferred securities or preferred or preference shares ranking senior to its obligations under the Subordinated Guarantee; (2) it will cause the Branch or any other branch of the Bank to hold 100 per cent. of the LLC Class A Preferred Securities; (3) it will cause the LLC Common Securities and the Trust Common Securities to be held by the Branch, the Bank, any other branch of the Bank or, with the prior approval of the Bank of Italy, if then required, by one or more subsidiaries of the Bank each of which is deemed to be a "company controlled by the parent company" within the meaning of Rule 3a-5 of the 1940 Act; (4) it will not permit, or take any action to cause, the Trust to issue securities other than the Trust Securities; (5) it will not permit, or take any action to cause, the liquidation, dissolution or winding up or termination of the LLC or the Trust (other than in the case of a Trust Special Event), unless the Bank (or in the case of the Trust, the LLC or the Bank) is itself in liquidation

and, if then required, the approval of the Bank of Italy for such action has been received and all claims under the Subordinated Guarantee shall have been paid to the fullest extent under its terms; (6) it will not assign its obligations under the Subordinated Guarantee except in the case of merger, de-merger ("*scissione*") under Italian law, consolidation or sale of substantially all of its assets where the Bank is not the surviving entity; (7) if the Bank or the LLC is in liquidation other than as contemplated by clause (6), it will cause the LLC to liquidate; (8) it will cause the Trust to irrevocably assign its rights under the Subordinated Guarantee with respect to the LLC Class B Preferred Securities only to the Property Trustee; and (9) it will not cause the LLC to incur indebtedness for borrowed money or take any action that could reasonably be expected to cause an LLC Special Event to occur.

Use of Proceeds	All of the proceeds from the sale of the Trust Securities will be invested by the Trust in the LLC Class B Preferred Securities. The LLC will use the proceeds from the sale of the LLC Securities to purchase the Subordinated Notes from the Branch. The Branch intends to use the proceeds from the issuance and sale of the Subordinated Notes for general corporate purposes and to fund one or more of the acquisitions discussed under "Business—Recent Transactions."
US Transfer Restrictions	The Trust Preferred Securities have not been and will not be registered under the Securities Act and may not at any time be offered, sold or otherwise transferred, except as described under "Notice to Investors." The Trust Preferred Securities (other than the Trust Preferred Securities sold pursuant to Regulation S) will be initially issued, and may initially be transferred, only in blocks having an aggregate liquidation preference of not less than US\$100,000 (100 Trust Preferred Securities) and integral multiples of one Trust Preferred Security (US\$1,000 liquidation preference) in excess thereof. See "Description of the Trust Securities—Form, Denomination and Transfer."
Ratings	Each of the Trust Preferred Securities and the LLC Class B Preferred Securities are expected to be assigned a rating of "a1" by Moody's Investors Service Inc., "A-" by Standard & Poor's Ratings Group and "A+" by Fitch IBCA.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency without notice. Each rating should be evaluated independently of any other rating.

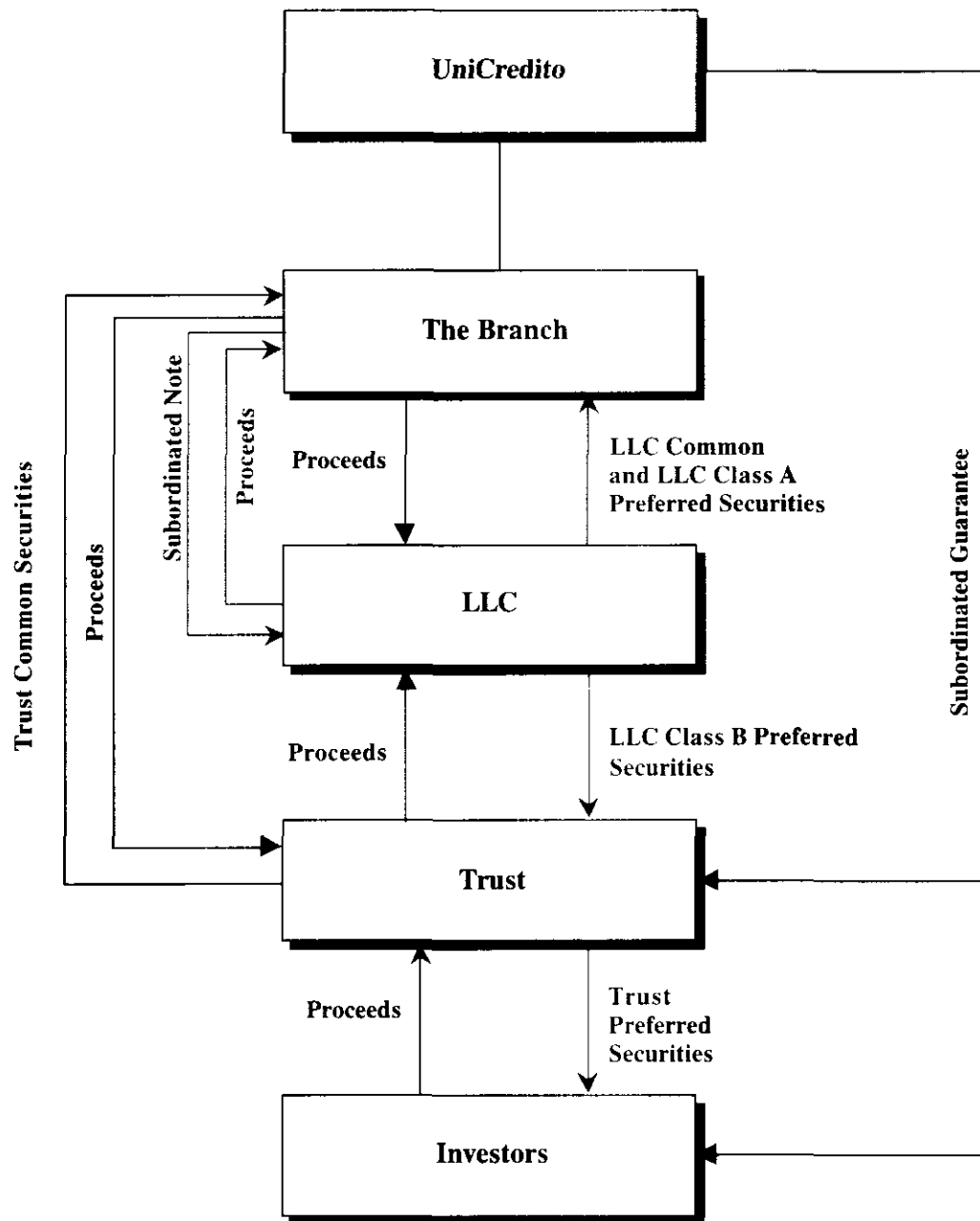
Clearing Systems and Settlement The Trust Preferred Securities have been accepted for clearance through the facilities of DTC, Euroclear and Clearstream Luxembourg.

Securities Identification Numbers:

144A Common Code Number	011867740
144A International Securities Identification Number ("ISIN")	US90466HAA86
144A CUSIP Number	90466H AA8
Regulation S Common Code Number	011867723
Regulation S ISIN	USU90398AA36
Regulation S CUSIP Number	U90398 AA3
Institutional Accredited Investors Common Code Number	011867748
Institutional Accredited Investors ISIN	US90466HAB69
Institutional Accredited Investors CUSIP Number	90466H AB6

EXPLANATORY DIAGRAM

The following diagram outlines the relationship between UniCredito, the Branch, the Trust and the LLC following the completion of the offering:



INVESTMENT CONSIDERATIONS

Prospective investors should carefully consider the following investment considerations with the other information contained in this Offering Memorandum before purchasing Trust Preferred Securities.

The Group's Financial Condition

If the Group's financial condition were to deteriorate, the LLC and the holders of the Trust Preferred Securities and the LLC Class B Preferred Securities could suffer direct and materially adverse consequences, including suspension of the payment of noncumulative Dividends on the Trust Preferred Securities and the LLC Class B Preferred Securities and, if a liquidation, dissolution or winding up of the Bank were to occur, loss by holders of the Trust Preferred Securities and the LLC Class B Preferred Securities of all or part of their investment. See “—Rights under the Subordinated Guarantee; Ranking of the Subordinated Guarantee,” “Description of the Trust Securities,” “Description of the LLC Preferred Securities” and “Description of the Subordinated Guarantee.”

Risks Associated with the Integration of Recent Acquisitions

During 1999 and the first six months of 2000, the Bank concluded or negotiated a number of acquisition agreements, including significant acquisitions in Central and Eastern Europe and the United States. The integration of these acquisitions has and will involve integration challenges, particularly where management information and accounting systems differ materially from those used elsewhere in the Group. Although much progress has been made since 1998, there are also ongoing integration challenges associated with the combination of the activities of the predecessor of Unicredito and Credito Italiano. Although management believes it has the resources needed to successfully integrate these operations, it is possible that further integration difficulties could arise or that unanticipated problems could be discovered in one or more of the acquired entities. If the Bank were to conclude further significant acquisitions in the near future, these risks would be enhanced.

Risks Associated with Exposure to Central and Eastern Europe

Management believes that there are significant potential opportunities for the Group in Central and Eastern Europe. It views Poland as its second “home” market, and it has made a number of other important acquisitions in the region. While management believes there are opportunities for the Group to attract significant additional higher margin business from its business activities in these countries at what management considers to be an attractive cost, there are also significant risks associated with doing business in this region. There are significant differences in the nature of these risks from one country to another, but they generally include comparatively volatile economic, foreign exchange and stock market conditions, as well as in many cases, less developed political, financial and legal infrastructures. There can be no assurance that the Group's financial condition or results of operations will not be materially and adversely affected as a result of one or more of these risks.

Different Methods Used to Classify Risk Elements in Loan Portfolio; Related Considerations

The Group classifies the risk elements in its domestic loan portfolio in accordance with appropriate requirements of the Bank of Italy and Italian law. It believes its criteria in this respect are at least as conservative as those adopted by other major Italian banking groups. Nonetheless, because of the differing requirements applicable to Italian banks and banks subject to supervision and regulation by United States federal and state banking authorities, the Group classifies loans as doubtful or non-performing significantly later than would be permitted in the United States, and it continues to record income in circumstances that would not be permitted in the United States. See “Selected Statistical and Other Information—Risk Elements in the Loan Portfolio.” These considerations also exist at Bank Pekao, the Group's principal subsidiary in Poland, and at the Bank's other subsidiaries in Central and Eastern Europe.

Rights Under the Subordinated Guarantee; Ranking of the Subordinated Guarantee

The Subordinated Guarantee is intended to provide the holders of the LLC Class B Preferred Securities and the Trust Preferred Securities, as nearly as possible, with rights to Dividends and upon liquidation or redemption equivalent to those to which the holders would have been entitled if the LLC Class B Preferred Securities or the Trust Preferred Securities, as the case may be, were issued directly by the Bank. Such rights are independent of the assets, income or cash flows of the LLC or the Trust. The Bank's obligations under the Subordinated Guarantee constitute unsecured obligations and will rank subordinate and junior to indebtedness of the Bank (other than any instrument or contractual right expressed to rank *pari passu* with the Subordinated Guarantee) and senior to all its share capital. See "Description of the Subordinated Guarantee."

No Obligation to Pay Dividends; Dividends Not Cumulative

The declaration (or deemed declaration) of Dividends on the LLC Class B Preferred Securities (and, accordingly, the payment of Dividends on the Trust Preferred Securities) will not be required under the LLC Agreement (and, accordingly, no payment with respect to Dividends will be due under the Subordinated Guarantee) unless such Dividends are Required Dividends.

Dividends on the Trust Preferred Securities and the LLC Class B Preferred Securities are not cumulative. Dividends on the Trust Preferred Securities are payable with respect to any Dividend Period only if Dividends for the corresponding Dividend Period are declared or deemed declared or paid on the LLC Class B Preferred Securities. Consequently, if, for any reason, Dividends on the LLC Class B Preferred Securities are neither declared nor deemed declared or paid for any Dividend Period, the holders of the LLC Class B Preferred Securities (and the holders of the Trust Preferred Securities) will not be entitled to recover such Dividends, whether or not funds are or subsequently become available at the LLC or the Trust, as the case may be, or Dividends on the LLC Class B Preferred Securities are declared (or deemed declared) or paid for any future Dividend Period.

Optional Redemption Upon the Occurrence of an LLC Special Event or Trust Special Event

Redemption upon Occurrence of an LLC Special Event. If an LLC Special Event (other than a Tax Event with respect to the LLC) shall have occurred, then the LLC Class B Preferred Securities (and, consequently, the Trust Preferred Securities) will be redeemable at the option of the LLC, subject to the prior approval of the Bank and, if then required, the Bank of Italy, in whole but not in part, at the Regular Redemption Price on any Dividend Payment Date, on or after October 5, 2010, or at the Special Redemption Price on any Dividend Payment Date, prior to October 5, 2010. In addition, upon the occurrence of a Tax Event with respect to the LLC, the LLC Class B Preferred Securities may be redeemed by the LLC, at its option, in whole but not in part, at the Regular Redemption Price on any Dividend Payment Date, with prior approval of the Bank and, if then required, the Bank of Italy. See "Description of the Trust Securities—Redemption" and "Description of the LLC Preferred Securities—LLC Class B Preferred Securities—Redemption and Repurchase of LLC Class B Preferred Securities."

Liquidation of the Trust Upon Occurrence of a Trust Special Event. If either a Tax Event or an Investment Company Event shall have occurred, in each case, solely with respect to the Trust, then, at the option of the Regular Trustees of the Trust, the Trust may be dissolved and liquidated. Upon a liquidation of the Trust in either case, each holder of the Trust Securities shall receive as its liquidation distribution a corresponding number of the LLC Class B Preferred Securities with an equivalent aggregate liquidation preference. Upon such distribution, the LLC Class B Preferred Securities may not be listed on the Luxembourg Stock Exchange or any other stock exchange. In addition, the LLC will furnish holders of the LLC Class B Preferred Securities, or their nominees, with a Schedule K-1 each year in accordance with the Code, which may result in the ineligibility of the LLC Class B Preferred Securities to clear and settle through Euroclear and Clearstream Luxembourg. As a result, the liquidity

and market price of the LLC Class B Preferred Securities distributed upon the liquidation of the Trust may vary from the liquidity and market price of the Trust Preferred Securities prior to such liquidation.

If the LLC Class B Preferred Securities are distributed to holders of the Trust Securities, the LLC and the Bank will agree to use their reasonable efforts to cause the listing of the LLC Class B Preferred Securities on the Luxembourg Stock Exchange. Upon any such listing, the Bank and the LLC will notify holders of the LLC Class B Preferred Securities in accordance with the provisions set forth in “General Listing Information—Notices.” The LLC Class B Preferred Securities presently are not listed on the Luxembourg Stock Exchange or any other securities exchange. See “Description of the Trust Securities—Redemption.”

No Voting Rights

Holders of the Trust Preferred Securities will not have any voting rights, except as described under “Description of the Trust Securities—Voting Rights.” The LLC Class B Preferred Securities will be non-voting, except that, upon the occurrence of a Shift Event or the failure of the LLC to pay Dividends and LLC Additional Amounts, or of the Bank to pay amounts in respect thereof under the Subordinated Guarantee, for any Dividend Period, the holders of the LLC Class B Preferred Securities will have the right to elect one Special Independent Director of the Board. Any Special Independent Director of the Board so elected shall vacate office if Dividend payments are paid on the LLC Class B Preferred Securities, either by the LLC or the Bank under the Subordinated Guarantee, on each Dividend Payment Date for 12 consecutive months.

Ranking

The Subordinated Guarantee will rank junior to all indebtedness of the Bank (other than any instrument or contractual right expressed to rank *pari passu* therewith) and senior to all its share capital.

Absence of Prior Public Market

The Trust Preferred Securities are a new issue of securities. Prior to this offering, there has been no public market for the Trust Preferred Securities. Application has been made to list the Trust Preferred Securities on the Luxembourg Stock Exchange. However, there can be no assurance that an active public market for the Trust Preferred Securities will develop, and if such a market were to develop, the Initial Purchasers are under no obligation to maintain such a market. The liquidity and the market prices for the Trust Preferred Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Group and other factors that generally influence the market prices of securities. Such fluctuations may significantly affect liquidity and market prices for the Trust Preferred Securities.

USE OF PROCEEDS

The net proceeds of the offering (after deducting the management and underwriting commissions payable by the Branch) are estimated to be approximately \$445,266,000. All of the proceeds from the sale of the Trust Securities will be invested by the Trust in the LLC Class B Preferred Securities. The LLC will use the proceeds from the sale of the LLC Class B Preferred Securities, together with funds contributed by the Branch in subscribing for the LLC Class A Preferred Securities and the LLC Common Securities, to purchase the Initial Subordinated Notes. The Bank intends to use the proceeds from the Initial Subordinated Notes for general corporate purposes and to fund one or more of the acquisition transactions discussed under “Business—Recent Acquisitions.”

CAPITALIZATION

The following table sets forth the capitalization of the Bank at June 30, 2000, and as adjusted to reflect the consummation of this offering, the simultaneous offering of the Other Trust Preferred Securities (aggregate liquidation preference of €540,000,000) and the use of the net proceeds therefrom as described under “Use of Proceeds.”

	At June 30, 2000 ⁽¹⁾			
	Actual	As Adjusted	Actual	As Adjusted
	(LIT in billions)		(€ in millions)	
	(unaudited)		(unaudited)	
Long-term debt ⁽²⁾	6,072.5	6,072.5	3,136.2	3,136.2
Subordinated debt	8,798.5	8,798.5	4,544.0	4,544.0
Initial subordinated notes ⁽³⁾	—	2,032.8	—	1,049.9
Shareholders' equity:				
Share capital	2,507.1	2,507.1	1,294.8	1,294.8
Paid-in surplus	6,035.9	6,035.9	3,117.3	3,117.3
Reserves:				
Legal reserve	497.6	497.6	257.0	257.0
Other reserves	3,221.6	3,221.6	1,663.8	1,663.8
Revaluation reserve	502.7	502.7	259.6	259.6
Net profit for the year	847.2	847.2	437.5	437.5
Total shareholders' equity	13,612.1	13,612.1	7,030.1	7,030.1
Total capitalization	28,483.1	30,515.9	14,710.3	15,760.2

⁽¹⁾ On May 15, 2000, the Bank entered into an agreement to acquire The Pioneer Group, Inc. for approximately LIT 2,600 billion. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Background” and “—Capital Adequacy.” Since June 30, 2000, there has been no material change in the capitalization of the Bank, except as set forth in this footnote and above.

⁽²⁾ Long-term debt is debt to clients (as opposed to banks) and securities issued with a term of maturity over five years.

⁽³⁾ The exchange rate used to translate the net proceeds denominated in US dollars is the noon buying rate in The City of New York for cable transfer in euro as certified for customs purposes by the Federal Reserve Bank of New York on September 28, 2000, expressed in euro per US dollar.

The following table sets forth the capitalization of the Group at June 30, 2000, and as adjusted to reflect the consummation of this offering, the simultaneous offering of the Other Trust Preferred

Securities (aggregate liquidation preference of €540,000,000) and the use of the net proceeds therefrom as described under “Use of Proceeds.”

	At June 30, 2000 ⁽¹⁾			
	Actual	As Adjusted	Actual	As Adjusted
	(LIT in billions)		(€ in millions)	
	(unaudited)		(unaudited)	
Long-term debt ⁽²⁾	11,604.0	11,604.0	5,993.0	5,993.0
Subordinated debt	4,761.8	4,761.8	2,459.3	2,459.3
Trust preferred securities ⁽³⁾	—	2,032.8	—	1,049.9
Shareholders' equity:				
Share capital	2,507.1	2,507.1	1,294.8	1,294.8
Paid-in surplus	6,035.9	6,035.9	3,117.3	3,117.3
Reserves:				
Legal reserve	497.6	497.6	257.0	257.0
Other reserves	3,995.4	3,995.4	2,063.4	2,063.4
Revaluation reserve	859.5	859.5	444.0	444.0
Negative consolidation differences	47.0	47.0	24.3	24.3
Net profit for the year	1,860.0	1,860.0	960.6	960.6
Total shareholders' equity	15,802.5	15,802.5	8,161.3	8,161.3
Total capitalization	32,168.3	34,201.1	16,613.5	17,663.5

⁽¹⁾ On May 15, 2000, the Bank entered into an agreement to acquire The Pioneer Group, Inc. for LIT 2,600 billion. See “Management’s Discussion and Analysis—Background” and “—Capital Adequacy.” Since June 30, 2000, there has been no material change in the capitalization of the Group, except as set forth in this footnote and above.

⁽²⁾ Long-term debt is debt to clients (as opposed to banks) and securities issued with a term of maturity over five years.

⁽³⁾ The exchange rate used to translate the net proceeds denominated in US dollars is the noon buying rate in The City of New York for cable transfer in euro as certified for customs purposes by the Federal Reserve Bank of New York on September 28, 2000, expressed in euro per US dollar.

In connection with the offering, the Trust will issue 450,000 Trust Preferred Securities having an aggregate liquidation preference equal to US\$450,000,000. Upon the consummation of the offering, the Branch will own 100 per cent. of the Trust Common Securities which will have an aggregate liquidation preference of US\$1,000. Under the Trust Agreement, the Trust is prohibited from issuing additional securities and incurring any indebtedness for borrowed money.

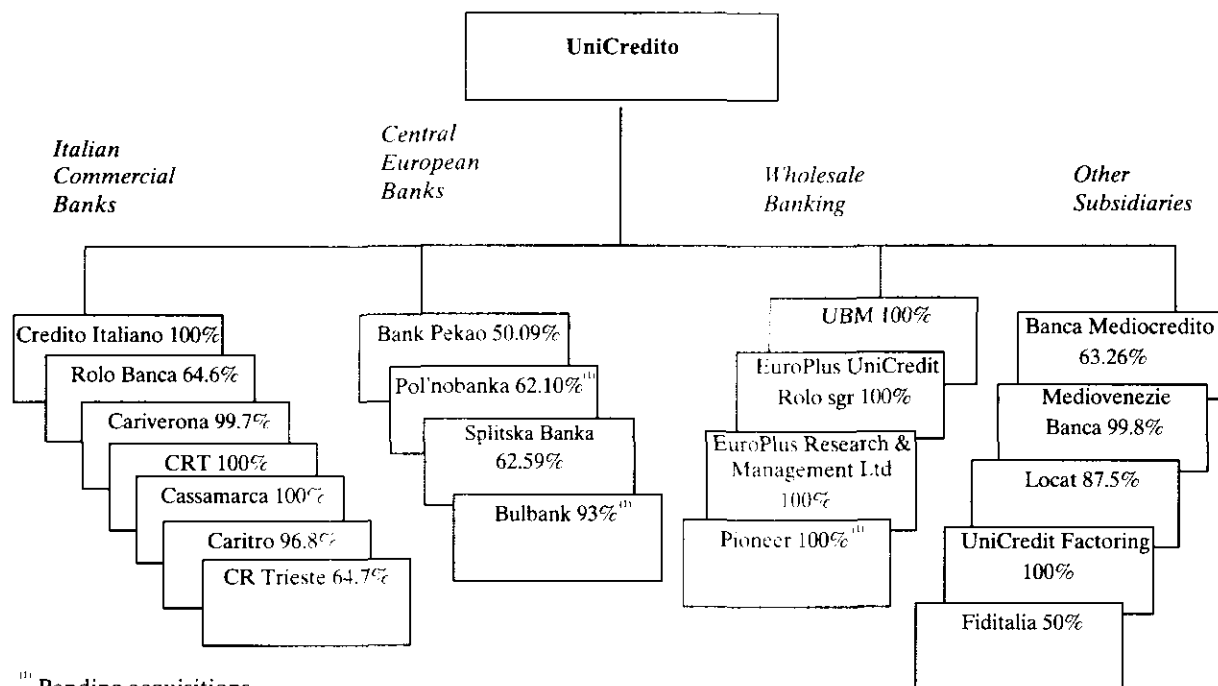
In connection with the offering, the LLC will issue 450,001 LLC Class B Preferred Securities having an aggregate liquidation preference equal to US\$450,001,000. Upon the consummation of the offering, the Branch will own 100 per cent. of the LLC Common Securities, which will have an aggregate liquidation preference of US\$1,000, and 100 per cent. of the LLC Class A Preferred Securities, which will have an aggregate liquidation preference of US\$1,000. Under the LLC Agreement, the LLC is prohibited from issuing additional securities and incurring any indebtedness for borrowed money.

BUSINESS

UniCredito is a bank incorporated as a limited liability company (*Società per Azioni* or S.p.A.) under the laws of Italy and is based in Milan. The Group is one of the largest financial services groups in Italy and is engaged in a wide range of banking, financial and related activities, in Italy and abroad. These activities include deposit-taking, lending, portfolio management, securities brokerage services and trading, investment banking, international trade finance, corporate finance, foreign exchange, leasing, factoring and insurance.

Group Structure

The following diagram indicates the principal operating units of the Group and the percentage of each entity owned by the Group.



The following table indicates the eight largest subsidiaries of the Group with respect to total assets, revenues and net profit as of June 30, 2000.

Subsidiary	Total Assets before Eliminations (LIT in billions)	% of Group's Assets	Revenues before Eliminations (LIT in billions)	% of Group's Revenues	Net Profit before Eliminations (LIT in billions)	% of Group's Net Profit
Credito Italiano	136,328	38.7	2,302	26.4	583	31.3
Rolo Banca	75,660	21.5	1,737	19.9	252 ⁽¹⁾	13.5
BCA CRT	30,632	8.7	990	11.4	235	12.6
Cariverona	34,021	9.7	1,053	12.1	348	18.7
Cassamarca	6,474	1.8	206	2.4	50	2.7
Bank Pekao Group	33,111	9.3	969	11.1	84 ⁽¹⁾	4.5
UBM	45,469	12.9	536	6.1	228	12.3
Eurolus Research & Management	191	0.1	173	2.0	131	7.0
Total Consolidated	352,438	(2)	8,724	(2)	1,860	(2)

(1) The total net profit for Rolo Banca was LIT 589 billion. The total net profit for Bank Pekao was LIT 167 billion.

(2) Figures do not incorporate overhead of the Bank and therefore may sum to more than 100 per cent.

The Group has 3,451 branches (2,698 in Italy) and over 9.3 million current customers (5.3 million in Italy).

Over the past few years, the Group has expanded both internally through the development of its multi-channel distribution network and externally through acquisitions. In addition, the Group has adopted a number of Internet initiatives.

As of December 31, 1999, the Group was the largest banking group based in Italy in terms of gross operating results (LIT 6,709 billion) and net profit (LIT 2,490 billion). As of August 31, 2000, the Group was the largest banking group in Italy in terms of market capitalization.

The Group has achieved significant growth in return on equity and earnings per share in the last few years. Return on equity for 1999 was 21.1 per cent., an increase from 1998's return on equity of 15.4 per cent. and from 1997's return on equity of 8.2 per cent. In the first half of 2000, return on equity reached 26.6 per cent. Net income per share rose from LIT 86 in 1998 to LIT 500 for 1999 and to LIT 742 as of June 30, 2000.

As the Group has grown, it also has taken steps to reduce its cost structure. These steps include the implementation of centralized information technology systems, which have enabled greater automation and centralization of back-office and administrative operations. Out of the twenty largest banking groups operating in the European Union, the Group has one of the lowest cost/income ratios and it continues to seek to decrease this ratio. The effect of these steps has been a decrease in the cost/income ratio from 65.2 per cent. in 1997, to 55.8 per cent. in 1998, to 52.8 per cent. in 1999, and to 47.8 per cent. for the six months ended June 30, 2000.

History

The Group is the product of the merger of the national banking group Credito Italiano and the regional banking group Unicredito during October 1998. As a result of this merger, these two prominent Italian banking groups were able to combine their product strengths and their complementary geographic markets to compete more effectively.

Credito Italiano, founded in 1870 under the name Banca di Genova, grew to become one of Italy's largest banking institutions with a strong geographical presence in Italy as well as branches abroad. In 1993, the Italian State sold its controlling stake in Credito Italiano, making it the first Italian bank to

be privatized. In February 1995, Credito Italiano acquired a majority interest in Credito Romagnolo, which later merged with Carimonte Banca to form Rolo Banca 1473 on January 1, 1996.

The regional banking group Unicredito was formed by the merger among Cassa di Risparmio di Torino, Cariverona Banca (respectively the second and the third largest Italian savings banks at the time) and Cassamarca.

Recent Acquisitions

Since the Credito Italiano-Unicredito merger, the Group has continued to expand through acquisitions and organic growth. The following are the Group's most recent and most significant acquisitions:

- In June 1999, the Group acquired a 50.09 per cent. stake in Bank Polska Kasa Opieki S.A. ("Bank Pekao"), which is one of the two largest banks in Poland.
- During November 1999, the Group acquired a 96.81 per cent. interest in Cassa di Risparmio di Trento e Rovereto ("Caritro"), strengthening the Group's position in the Italian province of Trentino.
- During February 2000, the Group acquired a 64.4 per cent. interest in Cassa di Risparmio di Trieste ("CR Trieste"), which was increased to 79.35 per cent. in July.
- During April 2000, the Group signed an agreement to acquire a 62.59 per cent. interest in Splitska Banka, based in Split, Croatia. Splitska Banka is Croatia's third largest bank and the leading bank in Dalmatia. It has total assets of approximately LIT 1,880 billion and a network of over 70 branches. The acquisition was closed during July 2000.
- During May 2000, the Group signed an agreement to acquire a 62.10 per cent. interest in the Slovakian bank Pol'nobanka for approximately LIT 58 billion. At December 31, 1999, Pol'nobanka ranked sixth in the Slovakian market in terms of total assets, with total assets of approximately LIT 1,278 billion. The acquisition is expected to close in the fourth quarter of 2000.
- During May 2000, the Group signed an agreement to acquire Pioneer Group, Inc. ("Pioneer") for approximately LIT 2,600 billion. Pioneer is a US asset manager that manages approximately LIT 50,000 billion of assets on behalf of individual and institutional investors. The acquisition is expected to close in the fourth quarter of 2000.
- During June 2000, the Group acquired a controlling interest in Banca dell'Umbria and Cassa di Risparmio di Carpi.
- During July 2000, the Group signed an agreement to acquire a 93 per cent. interest in Bulbank, a Bulgarian bank, for approximately LIT 660 billion. Bulbank is the largest bank in Bulgaria and offers corporate, retail and investment banking services. Bulbank was named "Best Bank of Bulgaria" by Euromoney in 1997, 1998 and 1999. The acquisition is expected to close in the fourth quarter of 2000.

The Group is evaluating other suitable acquisitions in Central Europe on an ongoing basis. However, no definitive agreements have been executed to date.

The Group has also completed certain significant dispositions over the past two years. In late 1999, the Group disposed of its 44 per cent. ownership interest in Istituto Centrale della Casse di Risparmio Italiane ("ICCRI"), and in mid 2000, the Group has reached an agreement to dispose of its 24.9 per cent. ownership interest in Credito Fondiario Industriale ("Fonspa. S.p.A."). Each of these institutions had developed significant credit quality problems, and management believes that the sale of its shareholdings in these companies were a significant step in its efforts to improve the Group's overall

asset quality. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

During the first quarter of 2000, the Bank completed a reorganization, as a result of which the businesses of Credito Italiano and UBM were established as wholly owned subsidiaries. This reorganization was part of management's efforts to enable the Bank to concentrate on its overall responsibilities as a holding company for the Group.

Bank Pekao intends to raise an additional 1 billion zlotys in equity capital in the near future. In order to maintain its current ownership interest in Bank Pekao, the Bank intends to purchase a minimum of 500.9 million zlotys worth of Bank Pekao shares in that offering, but could be required to purchase up to 1 billion zlotys worth of shares, depending upon market conditions at the time of such offering.

Strategy

The Group's objectives are:

- (1) to maintain and reinforce its position as a leading banking group in Italy;
- (2) to become one of the major universal banking groups in Europe, with a strong position in banking, asset management, investment banking and Internet initiatives; and
- (3) to enhance shareholder value by increasing its return on equity, further improving its cost/income ratio and strengthening its capital base.

The Group's strategy for achieving the foregoing goals is as follows:

Further Strengthen the Group's Competitive Position in the Italian Market

The Group intends to further strengthen its position in the Italian market primarily by creating multiple distribution channels for accessing the Group's services and products. The Group's multi-channel distribution strategy is designed to retain existing customers and attract new customers by increasing the value, convenience and utility of the Group's services and products. The Group also intends to decrease operating costs, and thus increase operating efficiency, through greater automation.

Channels through which the Group distributes its products and services in Italy include telephone banking, web-enabled banking, customer service call centers, automated teller machines, traditional branches and financial consultants. Most recently, the Group has concentrated on introducing online distribution channels for its customers in Italy. In the first quarter of 2000, the Group had over 105,000 web-enabled retail banking customers. In addition, the Group had over 20,000 online trading customers. These customers placed an average of over 10,000 trades daily, which generated 23 per cent. of the Group's trading revenue.

The Group also has strengthened its position in the Italian market through acquisitions. During November 1999, the Group acquired a 96.81 per cent. interest in Caritro, strengthening the Group's position in the Italian province of Trentino. In addition, during February 2000, the Group acquired a 64.4 per cent. interest in CR Trieste, which was increased to 79.35 per cent. in July 2000. During June 2000, the Group also acquired a controlling interest in Banca dell'Umbria and Cassa di Risparmio di Carpi.

Implement Internet Initiatives

The Group has implemented a number of Internet initiatives in Italy. These initiatives enable the Group to provide some of its products and services through new distribution channels, and enhance its ability to attract new customers, access new markets and enter new lines of business.

In particular, the Group has placed a strong emphasis on introducing Internet-based services for the affluent customer segment. In this regard, the Group has entered into an alliance with KataWeb, a

leading Italian portal, content provider and Internet service provider. In addition, it has launched the Xelion web site, which provides a variety of financial services targeted at affluent Italian customers.

The Group also is participating in various other “B2B” and “B2C” web initiatives. B2B projects typically are required to satisfy one or more of three strategic opportunities: (1) e-procurement for business; (2) e-outsourcing for small- and medium-sized enterprises; or (3) corporate web banking. The strategic objectives of B2C initiatives include: (1) moving retail customers to more cost-efficient distribution channels; and (2) marketing of the Group’s brand to a wide audience. See “—New Internet Initiatives” for a description of the Group’s involvement in selected B2B and B2C initiatives.

Expand into the New Europe

The Group has targeted Central Europe, or the “New Europe,” as a substantial region of growth for the Group. The Group believes that the New Europe shows great promise because of its geographical proximity and strong commercial ties to Italy. In addition, this region has high GDP growth and a large underdeveloped banking market. Increasing political stability and economic reforms in this region also make New Europe attractive to further investment and growth.

In New Europe, the Group intends to grow primarily by acquiring leading local banks with good asset quality that can be restructured and integrated into the Group. The Group already has started this process with its recent or pending acquisitions of Bank Pekao (Poland), Splitska Banka (Croatia), Polnobanka (Slovakia) and Bulbank (Bulgaria). The Group continues to evaluate additional expansion opportunities in New Europe of various ranges and degrees of materiality.

Internationalize the Group’s Asset Management Business

The Group is one of the largest asset managers in Italy and intends to place significant emphasis on the continued development of its asset management business in Europe. Currently, under the EuroPlus name, the Group manages approximately LIT 180,000 billion in assets. The pending acquisition of Pioneer, one of the oldest asset managers in the United States with approximately LIT 50,000 billion in assets, will strengthen the Group’s presence in Central Europe, where Pioneer has a strong presence in Poland and in the Czech Republic. Moreover, it will give the Group an opportunity to enter and expand in the US market.

The Group managed LIT 186,247 billion in assets as of June 30, 2000, of which mutual funds made up LIT 146,895 billion. Comparable figures as of December 31, 1999 were LIT 185,531 billion of managed assets, of which mutual funds comprised LIT 144,197 billion.

Additional growth in the Group’s European asset management business is expected to come primarily from the larger Western European countries, particularly, France, Germany, Spain and the United Kingdom. To a lesser extent, the Group also is expanding its asset management business within Italy through organic growth and by introducing new funds and asset management services. The Group also intends to increase its Italian asset management customer base through online asset management services and through marketing initiatives.

Strengthen the Group’s Investment Banking Business

The Group intends to expand its investment banking business primarily in Italy. The Group intends to grow this business organically, both through branded marketing and by introducing new services and products (such as TradingLab, a new personal finance web site).

As part of its branding strategy, on January 1, 2000, the Group established UniCredit Banca Mobiliare S.p.A. (“UBM”) as the subsidiary through which the Group will conduct its investment banking business. Previously, investment banking services were conducted through various subsidiaries of the Group. The Group believes that the consolidation of its investment banking activities into a single entity will enable the Group to more effectively take advantage of market opportunities.