



## UniCredito Italiano S.p.A.

(incorporated as a Società per Azioni in the Republic of Italy)

and

## UniCredito Italiano Bank (Ireland) p.l.c.

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

and

## UniCredit International Bank (Luxembourg) S.A.

(incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, having its registered office at 16, rue des Bains, L-1212 Luxembourg and registered with the Luxembourg trade and companies register under number B.103.341)

unconditionally and irrevocably guaranteed by

## UniCredito Italiano S.p.A.

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

€50,000,000,000

Euro Medium Term Note Programme

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Arranger

UBS Investment Bank

Co-Arranger

UBM – UniCredit Banca Mobiliare

Dealers

ABN AMRO

CALYON Corporate and Investment Bank

Deutsche Bank

Goldman Sachs International

Lehman Brothers

Morgan Stanley

UBM – UniCredit Banca Mobiliare

BNP PARIBAS

Credit Suisse First Boston

Dresdner Kleinwort Wasserstein

JPMorgan

Merrill Lynch International

SG Corporate & Investment Banking

UBS Investment Bank

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On 30th November, 2000, UniCredito Italiano S.p.A. ("**UniCredito**" or the "**Parent**") and UniCredito Italiano Bank (Ireland) p.l.c. ("**UCI Ireland**") established a Euro Medium Term Note Programme (the "**Programme**") and issued offering circulars on that date, on 21st December, 2001, on 20th December, 2002 and on 19th December, 2003 describing the Programme. This Offering Circular supersedes any offering circular with respect to the Programme issued prior to the date hereof. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein, but this Offering Circular does not affect the terms of any Notes issued prior to the date hereof.

Under this €50,000,000,000 Programme, UniCredito, UCI Ireland and UniCredit International Bank (Luxembourg) S.A. ("**UCI Luxembourg**") (each an "**Issuer**" and together the "**Issuers**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). The payment of all amounts due in respect of Notes issued by UCI Ireland and UCI Luxembourg (the "**Guaranteed Notes**") will be unconditionally and irrevocably guaranteed by UniCredito (in such capacity, the "**Guarantor**").

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €50,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be listed on the Luxembourg Stock Exchange. Application has also been made to The Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for Notes issued by UCI Ireland under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the Official List of the Irish Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange and/or admitted to the Official List of the Irish Stock Exchange will be delivered to the Luxembourg Stock Exchange and/or the Irish Stock Exchange (as the case may be) on or before the date of issue of the Notes of such Tranche. The Programme provides that Notes may be listed on such other or alternative or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer. Unlisted Notes may also be issued.

Except as provided herein, this Offering Circular comprises listing particulars ("**Listing Particulars**") approved by the Irish Stock Exchange in relation only to Notes to be issued by UCI Ireland during the period of 12 months from the date hereof. A copy of this Offering Circular has been delivered for registration to the Registrar of Companies in Ireland as required by Regulation 13(1) of the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland (the "**Irish Regulations**").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See "Form of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "Subscription and Sale and Transfer and Selling Restrictions".

As more fully set out in "Terms and Conditions of the Notes – Taxation", in the case of payments by UniCredito as Issuer or (in the case of Guaranteed Notes) as Guarantor, additional amounts will not be payable to holders of the Notes or the interest coupons appertaining to the Notes (the "**Coupons**") with respect to any withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1st April, 1996

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(as amended or supplemented) and related regulations of implementation which have been or may subsequently be enacted (“Decree 239”). In addition, certain other (more customary) exceptions to the obligation of the relevant Issuer and (in the case of Guaranteed Notes) the Guarantor to pay additional amounts to holders of the Notes with respect to the imposition of withholding or deduction from payments relating to the Notes also apply, also as more fully set out in “Terms and Conditions of the Notes – Taxation”.

Except with respect to the information set out in this Offering Circular under the heading “*Book-entry Clearance Systems*”, each of UniCredito and (insofar as the contents of this Offering Circular relate to it) each of UCI Ireland and UCI Luxembourg, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. UniCredito, UCI Ireland and UCI Luxembourg accept responsibility accordingly.

Except with respect to the information included in these Listing Particulars under the heading “*Book-entry Clearance Systems*”, UniCredito accepts responsibility for the information contained in these Listing Particulars. To the best of the knowledge and belief of UniCredito, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Except with respect to the information included in these Listing Particulars under the heading “*Book-entry Clearance Systems*”, UCI Ireland accepts responsibility for the information contained in these Listing Particulars with respect to UCI Ireland and the Notes to be issued by it under the Programme and listed on the Irish Stock Exchange. To the best of the knowledge and belief of UCI Ireland (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to each of the Depository Trust Company (“DTC”), Euroclear Bank S.A./N.V. as operator of the Euroclear system (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) has been accurately reproduced from information published by each of DTC, Euroclear or Clearstream, Luxembourg respectively. So far as each of UniCredito, UCI Ireland and UCI Luxembourg is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information misleading.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Neither the Trustee nor any of the Dealers have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Trustee or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme. Neither the Trustee nor any of the Dealers accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme.

No person is or has been authorised by any Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer, the Guarantor, the Trustee or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any Issuer, the Guarantor, the Trustee or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf

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of any Issuer, the Guarantor, the Trustee or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Trustee and the Dealers expressly do not undertake to monitor or review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Trustee and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any Issuer, the Guarantor, the Trustee or the Dealers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, the Republic of Italy, Ireland, Luxembourg, Japan, France and The Netherlands, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

In making an investment decision, investors must rely on their own examination of the relevant Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved.

None of the Trustee, the Dealers, the Issuers or the Guarantor makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

## **U.S. INFORMATION**

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

This Offering Circular may be distributed on a confidential basis in the United States to a limited number of “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”) or Institutional Accredited Investors (as defined under “*Form of the Notes*”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. 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 originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made

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in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“**Rule 144A**”).

Purchasers of Definitive IAI Registered Notes will be required to execute and deliver an IAI Investment Letter (as defined under “*Terms and Conditions of the Notes*”). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together “**Legended Notes**”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

#### **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 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 NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 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 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**

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuers and the Guarantor have undertaken in a deed poll dated 20th December, 2004 (the “**Deed Poll**”) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

#### **Service of Process and Enforcement of Civil Liabilities**

The Issuers and the Guarantor are corporations organised under the laws of Ireland (in the case of UCI Ireland), Luxembourg (in the case of UCI Luxembourg) and the Republic of Italy (in the case of UniCredito). All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of each Issuer and the Guarantor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Ireland (in relation to UCI Ireland) or Luxembourg (in relation to UCI Luxembourg) or the Republic of Italy (in relation to UniCredito) upon the relevant Issuer or the Guarantor or such persons, or to enforce judgments against them obtained in courts outside Ireland (in relation to UCI Ireland) or Luxembourg (in relation to UCI Luxembourg or the Republic of Italy (in relation to UniCredito and the Guarantor) predicated upon civil liabilities of such Issuer or the Guarantor or such directors and officers under laws other than Irish law (in relation to UCI Ireland) or Luxembourg law (in relation to UCI Luxembourg) or Italian law (in relation to UniCredito), including any judgment predicated upon United States federal securities laws.

All references in this document to “U.S. dollars”, “U.S.\$” and “\$” refer to the currency of the United States of America and references to “Stg£” are to the currency of the United Kingdom. In addition, references to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.



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In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilising manager or any person acting for him to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

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## Documents Incorporated by Reference

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the most recently published audited annual financial statements and unaudited interim accounts (consolidated where applicable) of each Issuer and the Guarantor (see “*General Information*” for a description of the financial statements currently published by each Issuer and the Guarantor); and
- (b) all supplements or amendments to this Offering Circular circulated by any Issuer and/or the Guarantor from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular *provided, however, that* with respect to UCI Ireland, neither (i) any documents incorporated by reference nor (ii) any modifying or superseding statements form part of the Listing Particulars as contained in this Offering Circular issued in compliance with the listing rules of the Irish Stock Exchange.

The Issuers and the Guarantor will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to UniCredito at its offices set out at the end of this Offering Circular. In addition, such documents will be available, free of charge, from the principal office in Luxembourg of Kredietbank S.A. Luxembourgise (the “**Luxembourg Listing Agent**”) for Notes listed on the Luxembourg Stock Exchange and the office in Dublin of Davy Corporate Finance (the “**Irish Listing Agent**”) for Notes issued by UCI Ireland and admitted to the Official List of the Irish Stock Exchange.

The Issuers and the Guarantor will, in connection with the listing of any Notes on the Luxembourg Stock Exchange or admission to the Official List of the Irish Stock Exchange, as the case may be, so long as the relevant Notes remain outstanding and listed on such exchange or admitted to such Official List, in the event of any material change in the financial condition of the relevant Issuer or (in the case of Guaranteed Notes) the Guarantor which is not reflected in this Offering Circular, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange or admitted to the Official List of the Irish Stock Exchange, as the case may be.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

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## General Description of the Programme

Under the Programme, each of the Issuers may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*” below.

This Offering Circular and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange and/or in the case of Notes issued or to be issued by UCI Ireland, admission to the Official List of the Irish Stock Exchange during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €50,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as defined under “Form of the Notes”) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.



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## Summary of the Programme

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary unless specified otherwise.*

<b>Issuers:</b>	UniCredito Italiano S.p.A. (“ <b>UniCredito</b> ”) UniCredito Italiano Bank (Ireland) p.l.c. (“ <b>UCI Ireland</b> ”) UniCredit International Bank (Luxembourg) S.A. (“ <b>UCI Luxembourg</b> ”)
<b>Guarantor:</b>	Notes issued by UCI Ireland and UCI Luxembourg will be guaranteed by UniCredito.
<b>Description:</b>	€50,000,000,000 Euro Medium Term Note Programme.
<b>Arranger:</b>	UBS Limited.
<b>Co-Arranger:</b>	UniCredit Banca Mobiliare S.p.A.
<b>Dealers:</b>	ABN AMRO Bank N.V. BNP PARIBAS CALYON Credit Suisse First Boston (Europe) Limited Deutsche Bank AG London Dresdner Bank Aktiengesellschaft Goldman Sachs International J.P. Morgan Securities Ltd. Lehman Brothers International (Europe) Merrill Lynch International Morgan Stanley & Co. International Limited Société Générale UBS Limited UniCredit Banca Mobiliare S.p.A.
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”) including the following restrictions applicable at the date of this Offering Circular.
<b>Notes with a maturity of less than one year:</b>	Notes issued by UCI Ireland and UCI Luxembourg having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the “ <b>FSMA</b> ”) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ” below.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the selling restrictions set out in “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ” below.

<b>Rule 144A Option:</b>	Registered Notes may be freely traded amongst “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”) in accordance with Rule 144A.
<b>Institutional Accredited Investor Option:</b>	Registered Notes may be privately placed with Institutional Accredited Investors pursuant to Regulation D and may be traded in accordance with Section 4 of the Securities Act.
<b>Trustee:</b>	Citicorp Trustee Company Limited. The Trustee provides professional trustee services and will act as trustee under the Trust Deed for the benefit of the Noteholders, the Receiptholders and the Couponholders.
<b>Agent:</b>	Citibank, N.A., London or such other agent(s) specified in the applicable Pricing Supplement.
<b>Registrar:</b>	Citibank, N.A., London.
<b>Transfer Agents:</b>	Citibank, N.A., London and Kredietbank S.A. Luxembourgeoise.
<b>Amount:</b>	Up to €50,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Programme Agreement (as defined in “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”).
<b>Currencies:</b>	Subject to compliance with all applicable legal, regulatory or central bank restrictions, Notes may be denominated in any currency agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement). Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
<b>Subordinated Notes:</b>	<p>Subordinated Notes issued by UniCredito may be issued as Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes or Tier III Subordinated Notes.</p> <p>Subordinated Notes issued by UCI Ireland may be issued as Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes.</p>
<b>Redenomination:</b>	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions relating to any redenomination are contained in Condition 6.
<b>Maturities:</b>	<p>Such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.</p> <p>Unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy’s requirements applicable to the issue of Subordinated Notes by UniCredito, (i) Upper Tier II Subordinated Notes must have a minimum maturity of ten years, (ii) Lower Tier II Subordinated Notes must have a minimum maturity of five years and (iii) Tier III Subordinated Notes must have a minimum maturity of two years.</p> <p>In the case of Subordinated Notes issued by UCI Ireland, unless otherwise permitted by current laws, regulations, directives and/or the Irish Financial Services Regulatory Authority’s (“<b>IFSRA</b>”) requirements applicable to the issue of Subordinated Notes, (i) Lower Tier II Subordinated Notes must</p>

have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur subject to five years' notice) and (ii) Upper Tier II Subordinated Notes must be of indeterminate duration.

**Issue Price:** Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form:** Notes may be issued in bearer form or registered form. Notes may not be issued and sold in the United States in bearer form. See "*Form of the Notes*" below.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer and indicated in the applicable Pricing Supplement.

**Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined either (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the issue date of the first Tranche of the Notes of the relevant Series) or (ii) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer(s), all as indicated in the applicable Pricing Supplement.

The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes.

**Index Linked Notes:** Payments of principal in respect of Index Linked Redemption Amount Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).

**Other provisions in relation to a Floating Rate Notes and Index Linked Interest Notes:** Floating Rate Notes and Index Linked Interest Notes may also have maximum interest rate, a minimum interest rate or both (as indicated in the applicable Pricing Supplement).

Interest on Floating Rate Notes and Index Linked Interest Notes, in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer(s), will be payable on the Interest Payment Dates specified in, or determined pursuant to, the applicable Pricing Supplement, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the Pricing Supplement).

**Dual Currency Notes:** Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).

Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.
Asset-Linked and Credit-Linked Notes:	Asset-Linked Notes and Credit-Linked Notes relating in either case to an underlying asset may be issued on the terms and conditions specified in the applicable Pricing Supplement.
Redemption:	<p>The Pricing Supplement relating to each Tranche of Notes (other than Subordinated Notes) will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below) or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).</p> <p>In the case of Upper Tier II Subordinated Notes issued by UniCredito, redemption at maturity may occur only with the prior approval of the Bank of Italy, which will take into account whether UniCredito maintains its minimum capital requirements (<i>patrimonio di vigilanza</i>) as set out in Title IV, Chapter 1, Section II of the Regulations of the Bank of Italy (<i>Istruzioni di Vigilanza della Banca d'Italia</i>) immediately following redemption of such Notes.</p> <p>In the case of Subordinated Notes issued by UniCredito, early redemption may occur only at the option of UniCredito and with the prior approval of the Bank of Italy.</p> <p>In the case of Subordinated Notes issued by UCI Ireland, (i) Upper Tier II Subordinated Notes (which will have no stated maturity) may only be redeemed on the initiative of UCI Ireland and with the prior agreement of IFSRA, (ii) Lower Tier II Subordinated Notes having a stated maturity (which must be at least five years) may be redeemed on their Maturity Date or, if of indeterminate duration, may be redeemed where five years' notice of redemption has been given, otherwise Lower Tier II Subordinated Notes may only be redeemed with IFSRA's consent, which will only be given where the request is made at UCI Ireland's initiative and UCI Ireland's solvency is not in question.</p> <p>The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.</p> <p>Notes issued by UCI Luxembourg having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "<i>Notes with a maturity of less than one year</i>" above.</p>
Denomination of Definitive Notes:	<p>Such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement), save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.</p> <p>Notes issued or to be issued to the public in Ireland must have a minimum denomination of €40,000 (or its equivalent in other currencies).</p>

Notes issued by UCI Ireland with a minimum maturity of two years which are not listed on a stock exchange must have a minimum denomination of €500,000 or its equivalent at date of issuance.

Notes issued by UCI Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. Dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of this Offering Circular).

See also “*Notes with a maturity of less than one year*” above.

**Taxation:**

All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes imposed by: (i) the Republic of Italy, in the case of Notes issued by UniCredito and Guaranteed Notes, (ii) Ireland, in the case of Notes issued by UCI Ireland and (iii) Luxembourg, in the case of Notes issued by UCI Luxembourg, as further described in and subject to certain limitations and exceptions contained in “*Terms and Conditions of the Notes – Taxation*” and under “*Taxation*”.

**Negative Pledge:**

Notes will not have the benefit of a negative pledge.

**Cross Default:**

Senior Notes will have the benefit of a cross default clause in respect of indebtedness of the relevant Issuer (and, in the case of Guaranteed Notes, the Guarantor) in an aggregate amount of not less than €35,000,000 or its equivalent in other currencies, as more fully described in “*Terms and Conditions of the Notes – Events of Default*”.

Subordinated Notes will not have the benefit of a cross default clause.

**Status of Notes:**

Notes issued by UniCredito or UCI Ireland may be either unsubordinated or subordinated as described below. Notes issued by UCI Luxembourg will be unsubordinated.

**Status of the Senior Notes and the Guarantee:**

Senior Notes, and the obligations of the Guarantor under the Guarantee (if any), will constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer or the Guarantor, as the case may be, and, in the case of the Senior Notes, will rank *pari passu* among themselves. The payment obligations of the relevant Issuer under the Senior Notes, and of the Guarantor under the Guarantee (if any), will rank, and until discharged in full will continue to rank, in right of payment equally with all other unsecured and unsubordinated indebtedness or obligations for money borrowed or raised or guaranteed by the relevant Issuer or the Guarantor, as the case may be, other than indebtedness or obligations mandatorily preferred by the laws of the Republic of Italy (in the case of Notes issued by UniCredito and Guaranteed Notes), Ireland (in the case of Notes issued by UCI Ireland) and Luxembourg (in the case of Notes issued by UCI Luxembourg).

**Status of the Subordinated Notes and the Guarantee:**

Subordinated Notes, and the obligations of the Guarantor under the Guarantee (if any), will constitute direct, unsecured and subordinated obligations of UniCredito or UCI Ireland or the Guarantor, as the case may be, and will rank *pari passu* among themselves, subject to certain special conditions applicable to Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes and Tier III Subordinated Notes issued by UniCredito or Upper Tier II Subordinated Notes and Lower Tier II Subordinated Notes issued by UCI Ireland.

In the event of the winding up, dissolution, liquidation of UniCredito or UCI Ireland or the *Liquidazione Coatta Amministrativa* (the latter as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito, the payment obligations of UniCredito or UCI Ireland, as the case may be, under the Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito or UCI Ireland, as the case may be, but at least *pari passu* with all other subordinated obligations of UniCredito or UCI Ireland, as the case may be, which do not rank or are not expressed by their terms to rank junior or senior to the Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes issued by UniCredito or UCI Ireland, as the case may be, or Tier III Subordinated Notes issued by UniCredito, and in priority to the claims of shareholders of UniCredito or UCI Ireland, as the case may be, as described in Condition 5.

**Upper Tier II Subordinated Notes:**

**Loss Absorption on Upper Tier II Subordinated Notes**

To the extent that UniCredito at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code, would require UniCredito to reduce its paid up share capital and reserves to below the Minimum Capital (as defined in Condition 5(b)), the obligations of UniCredito in respect of interests and principal under Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UniCredito, in accordance with the requirements of Italian law, to maintain at least the required Minimum Capital.

To the extent that UCI Ireland at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent UCI Ireland from continuing to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UCI Ireland in respect of interest and principal under the Upper Tier II Subordinated Notes, whether or not matured, will be reduced to the extent necessary to enable UCI Ireland to continue to trade in accordance with the requirements of law (as determined by the directors of UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed).

The obligations of UniCredito and UCI Ireland in respect of interest and principal due under Upper Tier II Subordinated Notes which are so reduced will be subject to reinstatement in certain circumstances.

**Deferral of Interest on Upper Tier II Subordinated Notes**

UniCredito is not required to pay interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (i) no annual dividend has been approved by the shareholders of UniCredito or paid in respect of any class of shares during the 12 month period immediately preceding such Interest Payment Date; or (ii) the Board of Directors of UniCredito has announced at the time of publication of any interim accounts of UniCredito published during the six months immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends.

UCI Ireland shall not have any obligation to pay interest accrued in respect of Upper Tier II Subordinated Notes and any failure to pay such interest shall not constitute a default of UCI Ireland for any purpose.

**Tier III Subordinated Notes:**

Tier III Subordinated Notes will be issued by UniCredito upon terms that payments thereunder in respect of interest and principal may be deferred if



at the time of such payment the specified regulatory capital of UniCredito is, or would as a result of such payment become, less than the minimum credit risk capital requirements provided by applicable regulations of the Bank of Italy.

**Listing:**

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. In addition, application has been made to the Irish Stock Exchange to list Notes issued by UCI Ireland under the Programme.

The Notes may also be listed on such other or alternative or further stock exchange(s) as may be agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer.

Unlisted Notes may also be issued.

The Pricing Supplement relating to each issue will state whether or not the Notes are to be listed and, if so, on which stock exchange(s) the Notes are to be listed.

**Ratings:**

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Governing Law:**

The Notes will be governed by, and construed in accordance with, English law, save that subordination provisions applicable to Subordinated Notes issued by UniCredito will be governed by, and construed in accordance with, Italian law and Subordinated Notes issued by UCI Ireland will be governed by, and construed in accordance with, Irish law.

**Selling Restrictions:**

United States, United Kingdom, the Republic of Italy, Ireland, Luxembourg, Japan, France and The Netherlands and such other restrictions as may be required in connection with the offering and sale of a particular issue of Notes and which will be specified in the relevant Pricing Supplement. See “*Subscription and Sale and Transfer and Selling Restrictions*” below.

The relevant Issuer and (in the case of Guaranteed Notes) the Guarantor and the Trustee may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the Luxembourg Stock Exchange and/or admitted to the Official List of the Irish Stock Exchange) a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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## Form of the Notes

The Notes of each Series will be in either bearer form, with or without Coupons attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or Regulation D under the Securities Act.

### **BEARER NOTES**

Each Tranche of Bearer Notes will initially be issued in the form of either a temporary bearer global note (a “**Temporary Bearer Global Note**”) or a permanent bearer global note (a “**Permanent Bearer Global Note**”) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the “**Common Depositary**”) for Euroclear and Clearstream, Luxembourg. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the “**Exchange Date**”) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that either (i) an Event of Default (as defined in Condition 12) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) at the relevant Issuer’s request. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 17 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

## **REGISTERED NOTES**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a “**Regulation S Global Note**”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (i) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“**QIBs**”) or (ii) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), that are institutions (“**Institutional Accredited Investors**”) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a “**Rule 144A Global Note**”) and, together with a Regulation S Global Note, the “**Registered Global Notes**”).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (“**Definitive IAI Registered Notes**”). Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions*”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 8(d)) as the registered holder of the Registered Global Notes. None of the relevant Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account

of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising, investigating, monitoring or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 8(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that either (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) at the relevant Issuer’s request. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 17 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

#### **TRANSFER OF INTERESTS**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “Subscription and Sale and Transfer and Selling Restrictions”.**

#### **GENERAL**

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or as otherwise required by a court of competent jurisdiction or a public official authority) shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes in

accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the Trustee in certain circumstances described in Condition 12. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of the Trust Deed. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

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## Form of Pricing Supplement

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.*

[Date]

UniCredito Italiano S.p.A./  
UniCredito Italiano Bank (Ireland) p.l.c./  
UniCredit International Bank (Luxembourg) S.A.  
(incorporated as public limited liability company (société anonyme) having its registered office at 16, rue des Bains,  
L-1212 Luxembourg and registered with the Luxembourg trade and companies register under number B.103.341)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
[guaranteed by UniCredito Italiano S.p.A.]  
under the €50,000,000,000  
Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 20th December, 2004. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote instructions for completing the Pricing Supplement]*

*[In respect of Notes issued by UCI Ireland and UCI Luxembourg which have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

- |    |                                   |   |
|----|-----------------------------------|---|
| 1. | (i) Issuer:                       | [UniCredito Italiano S.p.A./UniCredito Italiano Bank (Ireland) p.l.c./UniCredit International Bank (Luxembourg) S.A.]       |
|    | (ii) Notes to be guaranteed:      | [Yes/No]  |
|    | [(iii) Guarantor:                 | UniCredito Italiano S.p.A.]   |
| 2. | (i) Series Number:                | [     ]   |
|    | (ii) Tranche Number:              | [     ]   |
|    |                                   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or Currencies: | [     ]   |



4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
- (ii) Net Proceeds: [ ]  
(*Required only for listed issues*)
6. Specified Denominations:<sup>1</sup> [ ]  
(*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*) [ ]
7. [(i)] Issue Date: [ ]
- [(ii)] Interest Commencement Date: [ ]
8. Maturity Date: [Fixed rate — *specify date*  
Floating rate — Interest Payment Date falling in or nearest to *[specify month and year]*]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[*specify other*]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[*specify other*]
11. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]

<sup>1</sup> If Notes are issued or to be issued to the public in Ireland, such Notes shall have a minimum denomination of €40,000 (or its equivalent in other currencies). Notes to be issued by UCI Ireland with a minimum maturity of two years which are not listed on a stock exchange must have a minimum denomination of €500,000 or its equivalent at date of issuance. Notes to be issued by UCI Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the Offering Circular).

13. [(i)] Status of the Notes: [Senior/Upper Tier II Subordinated/Lower Tier II Subordinated/Tier III Subordinated]
- [(ii)] Status of the Guarantee:] [Senior/Upper Tier II Subordinated/Lower Tier II Subordinated/Tier III Subordinated]
14. Listing: [Luxembourg Stock Exchange/Irish Stock Exchange/*specify other*/None]<sup>1</sup>
15. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]  
(If payable other than annually, consider amending Condition 7).
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other]  
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [ ] per Note of [ ] Specified Denomination
- (iv) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify other]  
(NB: if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/ Actual (ISMA) may not be a suitable Day Count Fraction)
- (vi) Determination Date[s]: [ ] in each year  
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon  
NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration  
NB: Only relevant where Day Count Fraction is Actual/ Actual (ISMA)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
17. Floating Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

<sup>1</sup> Notes to be issued by UCI Ireland with a minimum maturity of two years which are not listed on a stock exchange must not be sold to Irish residents or offered in Ireland, must be cleared through Euroclear or Clearstream, Luxembourg (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners), and must have a minimum denomination of €500,000 or its equivalent. Notes to be issued by UCI Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the Offering Circular). See further "Taxation – Taxation in Ireland" below.

- (i) Specified Period(s)/Specified Interest Payment Dates: [     ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[specify other]*]
- (iii) Additional Business Centre(s): [     ]
- (iv) Manner in which the Rates of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [     ]
- (vi) Screen Rate Determination:
- Reference Rate: [     ]  
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
  - Interest Determination Date(s): [     ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [     ]  
(In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: [     ]
  - Designated Maturity: [     ]
  - Reset Date: [     ]
- (viii) Margin(s): [ +/- ] [     ] per cent. per annum
- (ix) Minimum Rate of Interest: [     ] per cent. per annum
- (x) Maximum Rate of Interest: [     ] per cent. per annum
- (xi) Day Count Fraction: [Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
(See Condition 7 for alternatives)

- (xii) Fallback provisions, rounding provisions [    ]  
and any other terms relating to the  
method of calculating interest on Floating  
Rate Notes, if different from those set out  
in the Conditions:

**18. Zero Coupon Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)*

- (i) Accrual Yield: [    ] per cent. per annum
- (ii) Reference Price: [    ]
- (iii) Any other formula/basis of determining  
amount payable: [    ]
- (iv) Day Count Fraction in relation to Early  
Redemption Amounts and late payment: [Conditions 9(e)(iii) and 9(j) apply/specify other]  
*(Consider applicable day count fraction if not U.S.  
dollar denominated)*

**19. Index Linked Interest Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)*

- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for  
calculating the principal and/or interest  
due: [    ]
- (iii) Provisions for determining coupon where  
calculation by reference to Index and/or  
Formula is impossible or impracticable: [    ]
- (iv) Specified Period(s)/Specified Interest  
Payment Dates: [    ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day  
Convention/Modified Following Business Day  
Convention/Preceding Business Day  
Convention/specify other]
- (vi) Additional Business Centre(s): [    ]
- (vii) Minimum Rate of Interest: [    ] per cent. per annum
- (viii) Maximum Rate of Interest: [    ] per cent. per annum
- (ix) Day Count Fraction: [    ]

**20. Dual Currency Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)*

- (i) Rate of Exchange/method of calculating  
Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for  
calculating the principal and/or interest  
payable: [    ]

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [     ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [     ]

**PROVISIONS RELATING TO REDEMPTION**

21. Issuer Call: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s):<sup>1</sup> [     ]
- (ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [     ] per Note of [     ] Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [     ]
- (b) Maximum Redemption Amount: [     ]
- (iv) Notice period (if other than as set out in the Conditions): [     ]  
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
22. Investor Put: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [     ]
- (ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [     ] per Note of [     ] Specified Denomination
- (iii) Notice period (if other than as set out in the Conditions): [     ]  
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
23. Final Redemption Amount of each Note: [[     ] per Note of [     ] Specified of Denomination/  
specify other/see Appendix]

<sup>1</sup> This may be expressed by reference to specific dates or by reference to dates falling before, after or within a specified period. Regard should be had, in the case of Subordinated Notes issued by UniCredito or UCI Ireland, as the case may be, to applicable regulations of the Bank of Italy and the Irish Financial Services Regulatory Authority (as applicable) as to minimum maturities and provisions for early redemption.

24. Early Redemption Amount of each Note [     ] payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 9(e)):

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

25. Form of Notes: [Bearer Notes:
- Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
- [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]]
- [Registered Notes:
- Regulation S Global Note (U.S.\$[     ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[     ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*)]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]  
(*Note that this item relates to the place of payment and not Interest Period end dates to which items 17(iii) and 19(vi) relate*)
27. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. NB: new forms of Global Note may be required for Partly Paid issues.*]
29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s): [Not Applicable/*give details*]
30. Redenomination applicable: Redenomination [not] applicable  
[(*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates)*)]
31. Other terms or special conditions: [Not Applicable/*give details*]



## DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
33. If non-syndicated, name of relevant Dealer: [ ]
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
35. Additional selling restrictions: [Not Applicable/*give details*]

## OPERATIONAL INFORMATION

36. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
37. Delivery: Delivery [against/free of] payment
38. Additional Paying Agent(s) (if any): [ ]
- ISIN: [ ]  
Common Code: [ ]  
(insert here any other relevant codes such as CUSIP and CINS codes)

## [LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the €50,000,000,000 Euro Medium Term Note Programme of UniCredito Italiano S.p.A./UniCredito Italiano Bank (Ireland) p.l.c./UniCredit International Bank (Luxembourg) S.A. [guaranteed by UniCredito Italiano S.p.A.].]

## RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By: . . . . .  
*Duly authorised*

By: . . . . .  
*Duly authorised]*

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 6, 7, 8, 9 (except Condition 9(b)), 14, 15, 16, 17 (insofar as such Notes are not listed on any stock exchange) or 20, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

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## Terms and Conditions of the Notes

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes constituted by a Trust Deed dated 30th November, 2000 and made between UniCredito Italiano S.p.A. (“**UniCredito**” or the “**Parent**”), UniCredito Italiano Bank (Ireland) p.l.c. (“**UCI Ireland**”), UniCredito Italiano S.p.A. (in its capacity as guarantor of Notes issued by UCI Ireland and UCI Luxembourg (as defined below), the “**Guarantor**”, which expression shall include any company substituted in place of the Guarantor in accordance with Condition 18) and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the time being for the Noteholders (as defined below) as supplemented by Supplemental Trust Deeds dated 21st December, 2001, 20th December, 2002 and 19th December, 2003 and each made between the same parties and as further supplemented by a Supplemental Trust Deed dated 20th December, 2004 and made between UniCredito, UCI Ireland, UniCredito International Bank (Luxembourg) S.A. (“**UCI Luxembourg**”), the Guarantor and the Trustee (such Trust Deed, as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) and issued by UniCredito or UCI Ireland or UCI Luxembourg (or any other company which has become an issuer under the Programme and the Trust Deed in accordance with Condition 18) as indicated in the applicable pricing supplement (the “**Issuer**”, which expression shall include any company substituted in place of the Issuer in accordance with Condition 18). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Registered Notes, Coupons, Receipts and Talons referred to below.

References herein to the “Notes” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (iv) definitive Notes in registered form (“**Registered Notes**”) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 20th December, 2004 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) and made between UniCredito, UCI Ireland, UCI Luxembourg, the Guarantor, the Trustee, Citibank, N.A. as issuing and principal paying agent and agent bank (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Citibank, N.A. as exchange agent (the “**Exchange Agent**” which expression shall include any successor exchange agent) and as registrar (the “**Registrar**”, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue. The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the “**applicable Pricing Supplement**” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “**Receiptholders**” shall mean the holders of the Receipts and any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and a deed poll (the “**Deed Poll**”) dated 20th December, 2004 and executed by UniCredito, UCI Ireland and UCI Luxembourg are available for inspection during normal business hours at the principal office for the time being of the Trustee (being, at 20th December, 2004, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “**Agents**”) and UCI Luxembourg or the Luxembourg Listing Agent as long as the Notes are listed on the Luxembourg Stock Exchange. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them.

Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note may also be a Senior Note, a Lower Tier II Subordinated Note or an Upper Tier II Subordinated Note issued by UniCredito or UCI Ireland or a Tier III Subordinated Note issued by UniCredito, as indicated in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Trust Deed and the Agency Agreement. The Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee and any Agent will (except as otherwise required by law or as otherwise required by a court of competent jurisdiction or a public official authority) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and/or Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

For so long as The Depository Trust Company (“DTC”) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Trust Deed and the Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

## **2. TRANSFERS OF REGISTERED NOTES**

### **(a) Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor’s nominee.

**(b) Transfers of Registered Notes in definitive form**

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (with the prior written approval of the Trustee) (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the Registrar will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) deliver, or procure the delivery of, at its specified office or the specified office of a Transfer Agent to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form, duly authenticated by the Registrar, of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

**(c) Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 9, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

**(d) Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

**(e) Transfers of interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Trust Deed, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
  - (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
  - (B) to a person who is an Institutional Accredited Investor,together with, in the case of (B), a duly executed investment letter from the relevant transferee substantially in the form set out in the Trust Deed (an “**IAI Investment Letter**”); or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.



In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

**(f) Transfers of interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note:
  - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
  - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(g) Exchanges and transfers of Registered Notes generally**

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

**(h) Transfer of Registered Notes issued by UCI Luxembourg**

Notwithstanding anything to the contrary in this Condition 2, Notes in registered form issued by UCI Luxembourg will be numbered serially with an identifying number which will be recorded in the register of the Noteholders of UCI Luxembourg held by the Registrar and a copy of which in an all times up-to-date version is held at the registered office of UCI Luxembourg. In the case of discrepancy between the register of the Noteholders of UCI Luxembourg held by the Registrar and the register kept by UCI Luxembourg, the registrations in the register held by UCI Luxembourg shall prevail for Luxembourg law purposes.

**(i) Definitions**

In this Condition, the following expressions shall have the following meanings:



“**Distribution Compliance Period**” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“**Institutional Accredited Investor**” means “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

“**Legended Note**” means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“**QIB**” means a “qualified institutional buyer” within the meaning of Rule 144A;

“**Regulation S**” means Regulation S under the Securities Act;

“**Regulations S Global Note**” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“**Rule 144A**” means Rule 144A under the Securities Act;

“**Rule 144A Global Note**” means a Registered Global Note representing Notes sold in the United States or to QIBs; and

“**Securities Act**” means the United States Securities Act of 1933, as amended.

### **3. GUARANTEED NOTES**

*This Condition 3 applies only to Notes specified in the applicable Pricing Supplement as being Guaranteed Notes.*

If the Notes are specified in the applicable Pricing Supplement to be guaranteed (“**Guaranteed Notes**”), the Guarantor has unconditionally and irrevocably guaranteed the due performance of all payment and other obligations of the Issuer under the Notes, Receipts and Coupons, these Conditions and the Trust Deed. The obligations of the Guarantor in this respect (the “**Guarantee**”) are contained in the Trust Deed.

### **4. STATUS OF THE SENIOR NOTES AND THE SENIOR GUARANTEE**

*This Condition 4 applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.*

The Senior Notes and any relative Receipts and Coupons and (in the case of Guaranteed Notes) the obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and the Guarantor respectively, ranking equally (subject to any obligations preferred by any applicable law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer and the Guarantor respectively, present and future and, in the case of the Senior Notes, *pari passu* and rateably without any preference among themselves. Any payment by the Guarantor under the Guarantee shall (to the extent of such payment) extinguish the corresponding debt of the Issuer.

### **5. STATUS OF THE SUBORDINATED NOTES AND THE SUBORDINATED GUARANTEE**

*This Condition 5 applies only to Notes specified in the applicable Pricing Supplement as being Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes or Tier III Subordinated Notes (together referred to in these Conditions as “Subordinated Notes”).*

*Condition 5(a) to (c) applies only to Subordinated Notes issued by UniCredito, Condition (d) applies only to the Subordinated Guarantee in respect of UCI Ireland Subordinated Notes and Condition 5(e) to (g) applies only in relation to Lower Tier II Subordinated Notes and Upper Tier II Subordinated Notes issued by UCI Ireland (together referred to in these Conditions also as “UCI Ireland Subordinated Notes”).*

#### **(a) Status of Subordinated Notes issued by UniCredito**

- (i) Upper Tier II Subordinated Notes (*strumenti ibridi di patrimonializzazione*, as defined in Title IV, Chapter 1, Section II, paragraph 4.1 of the Regulations of the Bank of Italy (*Istruzioni di Vigilanza della Banca d'Italia*) (the “**Bank of Italy Regulations**”) or in any provision which, from time to time,

amends or replaces such definition), Lower Tier II Subordinated Notes (*passività subordinate*, as defined in Title IV, Chapter 1, Section II, paragraph 4.2 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition) and Tier III Subordinated Notes (*prestiti subordinati di 3° livello*, as defined in Title IV, Chapter 3, Section I, paragraph 3 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition) and any relative Receipts and Coupons constitute unconditional, unsecured and subordinated obligations of UniCredito and, subject to Condition 5(b)(i), 5(b)(ii) and 5(c), rank *pari passu* without any preference among themselves except as otherwise provided in these Conditions in connection with Upper Tier II Subordinated Notes.

- (ii) In the event of the winding up, dissolution, liquidation or bankruptcy of UniCredito or in the event that UniCredito becomes subject to an order for *Liquidazione Coatta Amministrativa*, as defined in Legislative Decree of 1st September, 1993 No. 385 of the Republic of Italy, as amended (the “**Italian Banking Act**”) the payment obligations of UniCredito under the Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito and after all creditors of UniCredito holding instruments which are less subordinated than the relevant Subordinated Notes but at least *pari passu* with all other subordinated obligations of UniCredito which do not rank or are not expressed by their terms to rank junior or senior to the relevant Subordinated Notes and in priority to the claims of shareholders of UniCredito.
- (iii) In relation to each Series of Subordinated Notes all Subordinated Notes of such Series will be treated equally and all amounts paid by UniCredito in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.
- (iv) Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.
- (v) The repayment of the principal and the payment of interest (as defined below) in respect of Subordinated Notes are obligations of UniCredito. The repayment of the Subordinated Notes is not covered by the guarantee of the “*Fondo Interbancario di Tutela dei Depositi*” (“**Italian Inter-Bank Fund for the Protection of Deposits**”).

**(b) Special provisions relating to Upper Tier II Subordinated Notes**

**(i) Loss Absorption**

To the extent that UniCredito at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredito to reduce its paid up share capital and reserves below the minimum capital as provided for by the Bank of Italy from time to time for the issuance or maintenance of the Bank of Italy’s authorisation to carry on banking activities and as determined by the external auditors of UniCredito and certified in writing to the Trustee by two Directors of UniCredito (the “**Minimum Capital**”), the obligations of UniCredito in respect of principal and interest under the Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UniCredito, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital. The obligations of UniCredito in respect of principal and interest under the Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligations has occurred:

- (A) in whole, in the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of the UniCredito had not been so reduced in accordance with this Condition 5(b)(i); and
- (B) in whole or in part, from time to time, to the extent that UniCredito, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of principal and interest in accordance with this Condition 5(b)(i).

UniCredito shall forthwith give notice of any such reduction and/or reinstatement to the Trustee and to the Noteholders in accordance with Condition 17 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

**(ii) Deferral of Interest**

UniCredito will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (A) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredito or paid in respect of any class of shares of UniCredito during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7(b)(v)) immediately preceding such Interest Payment Date, or (B) the Board of Directors of UniCredito has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-bis of the Italian Civil Code. Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that UniCredito makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims not including Lower Tier II Subordinated Notes and Tier III Subordinated Notes; and (ii) in full on the earliest to occur of (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredito; (B) the date for repayment of the Upper Tier II Subordinated Notes; and (C) the date on which the *Liquidazione Coatta Amministrativa* of UniCredito is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredito becomes subject to a liquidation order.

UniCredito shall forthwith give notice of any such deferral of interest to the Trustee and the Noteholders in accordance with Condition 17 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

**(c) Special provisions relating to Tier III Subordinated Notes—Lock-in Clause**

(i) The payment of the sums due with respect to interest and/or principal on Tier III Subordinated Notes will be entirely suspended and deferred, and any such suspension and deferral to pay shall not constitute a default of UniCredito under these Conditions if, at the time any such payment becomes due:

- (A) UniCredito's Total Amount of Regulatory Capital (as defined below) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredito, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis; or
- (B) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes, UniCredito's Total Amount of Regulatory Capital becomes, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredito, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis.

(ii) "UniCredito's Total Amount of Regulatory Capital" means:

- (A) on an unconsolidated basis, the aggregate amount of the items stated and defined in (I), (II), (III), (IV), (V), and (VI) below and any additional, replacement and/or adjusted or other items, in each case which may from time to time be required to be included pursuant to the then applicable Bank of Italy Regulations for the purposes of calculating UniCredito's Total Amount of Regulatory Capital;
- (B) on a consolidated basis, the aggregate amount of the items listed in (A) above, calculated on a consolidated basis, according to the Bank of Italy Regulations from time to time applicable,

where:

- (I) taken as a positive figure, the aggregate amount of the regulatory capital of UniCredito (*Patrimonio di Vigilanza*), calculated on an unconsolidated basis, as set forth in the then applicable Bank of Italy Regulations;
  - (II) taken as a positive figure, the aggregate amount of any indebtedness of UniCredito qualified by the Bank of Italy as *passività subordinate di 3° livello*, intended to cover the minimum capital requirements for market risks, calculated on an unconsolidated basis (as defined in Title IV, Chapter 3 of the Bank of Italy Regulations or any provision which amends or replaces such definition) in accordance with the following paragraph (III), provided however that the amount of such indebtedness can only be included up to the absolute amount of the following paragraph (III);
  - (III) taken as a negative figure, the minimum capital requirements for market risks of UniCredito, calculated on an unconsolidated basis (as defined in Title IV, Chapter 3 of the Bank of Italy Regulations or any provision which amends or replaces such definition);
  - (IV) taken as a negative figure, the excess of the limit to the ownership of shareholdings in non-financial companies acquired by UniCredito following the recovery of credits (as defined in Title IV, Chapter 9, Section V of the Bank of Italy Regulations or any provision which amends or replaces such definition);
  - (V) taken as a negative figure, the excess over the limit on the ownership of real estate acquired by UniCredito following the recovery of credits (as defined in Title IV, Chapter 10, Section II of the Bank of Italy Regulations or any provision which amends or replaces such definition); and
  - (VI) taken as a negative figure, any additional specific capital requirements imposed on UniCredito by the Bank of Italy, to the extent not taken into account in paragraphs (III) to (V).
- (iii) For the purposes of the Tier III Subordinated Notes, UniCredito's Total Amount of Regulatory Capital is deemed to be equal to or more than the minimum credit risk (*rischio creditizio*) capital requirements of UniCredito as required by the then applicable Bank of Italy Regulations, when:
- (A) UniCredito's Total Amount of Regulatory Capital, calculated on an unconsolidated basis, is equal to or more than the 7 per cent. (or such other percentage as may be, from time to time, set forth, on an unconsolidated basis, by the Bank of Italy) of the aggregate weighted assets to be comprised in the calculation, on an unconsolidated basis, of the minimum capital requirements of UniCredito (such assets being defined in Title IV, Chapter 2, Section II of the Bank of Italy Regulations or any provision which amends or replaces such definition); and
  - (B) UniCredito's Total Amount of Regulatory Capital, calculated on a consolidated basis, is equal to or more than 8 per cent. (or such other percentage as the Bank of Italy may, from time to time, require on a consolidated basis) of the aggregate weighted assets to be comprised in the calculation of the consolidated minimum capital requirements of the banking group controlled directly or indirectly by UniCredito (such assets being defined in Title IV, Chapter 2, Section III of the Bank of Italy Regulations or any provision which amends or replaces such definition).
- (iv) The obligations of UniCredito to effect the payment of interest (including Arrears of Interest and Default Interest (each as defined below)) not paid when due and/or to repay principal not repaid when due, in each case in accordance with Condition 5(c)(i), will (subject to, and to the extent provided in, Condition 5(c)(v)), be reinstated and will start to accrue in whole and as if the payment obligations of UniCredito had never been so suspended (but without prejudice to the subordination provided for in Condition 5(a)):
- (A) in the event of a bankruptcy, dissolution, liquidation or winding-up of UniCredito or in the event that UniCredito becomes subject to an order for *Liquidazione Coatta Amministrativa*; or
  - (B) in the event that UniCredito's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of

UniCredito, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank of Italy Regulations.

- (v) Where, following any suspension and deferral pursuant to Condition 5(c)(i), the obligation to pay interest (including Arrears of Interest and Default Interest) and/or to repay principal has been reinstated pursuant to Condition 5(c)(iv)(B), the obligation will become effective at and will be paid on the first Interest Payment Date (or, if none, on the tenth Business Day) immediately following the date of receipt by the Bank of Italy of a Report (as defined below), according to which UniCredito's Total Amount of Regulatory Capital net of amounts to be paid in respect of interest and/or repayment of principal, both on an unconsolidated and consolidated basis, is equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements set forth by the then applicable Bank of Italy Regulations.

If the payment of interest and/or the repayment of principal has been suspended pursuant to the provisions of Condition 5(c)(i), the reinstatement of the obligation to make payment and/or repayment in respect thereof pursuant to Condition 5(c)(iv) shall, where there are insufficient amounts pursuant to the foregoing provisions to make full payment in respect thereof, be made in part as such amounts become so available pursuant to the foregoing provisions in the following order:

- (A) payment of any Default Interest (where not paid in full, Default Interest shall be paid in the order in which it accrued);
- (B) payment of any Arrears of Interest (where not paid in full, Arrears of Interest shall be paid in the order in which it accrued);
- (C) payment of interest otherwise due pursuant to Condition 7; and
- (D) repayment of principal.

All payments to holders of Tier III Subordinated Notes will be made on a *pro rata* basis.

- (vi) If for any reason (including, but not limited to, merger or any other extraordinary transaction) UniCredito, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, the percentage referred to in Condition 5(c)(iii)(A) will be the percentage required by the then applicable Bank of Italy Regulations on an unconsolidated basis.
- (vii) If for any reason (including, but not limited to, merger or any other extraordinary transaction) UniCredito, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, all references in this Condition 5(c) to parameters referred to consolidated figures of the Issuer will automatically be voided, becoming references to parameters calculated on an unconsolidated basis (but without prejudice to the provisions of Condition 5(c)(vi) above).

(viii) *Arrears of Interest and Default Interest*

Any interest that UniCredito does not pay when due shall constitute, for the purposes of the Tier III Subordinated Notes, "**Arrears of Interest**".

Arrears of Interest not paid by UniCredito in accordance with Condition 5(c)(i) shall not bear default interest. In all other cases, Arrears of Interest not paid by UniCredito when due for reasons other than those provided for in Condition 5(c), shall accrue default interest ("**Default Interest**") at the Rate of Interest in accordance with Condition 7 as if references therein to the outstanding nominal amount of a Note were references to the Arrears of Interest in respect thereof.

Such Default Interest will accrue during the entire period from the date of the failure to pay Arrears of Interest until the date of their full payment.

- (ix) In these Terms and Conditions:

"**Report**" means the report that UniCredito, under Title IV, Chapter 2, Sections II and III of the Bank of Italy Regulations, is required to send semi-annually to the Bank of Italy for purposes of the control of compliance with minimum regulatory capital requirements, on an unconsolidated and consolidated basis, as of 31st December and 30th June of each fiscal year. For the purposes of these Terms and



Conditions, neither the quarterly Report which Italian banks are required to send for the sole purposes of the control of compliance with the minimum regulatory capital requirements on an unconsolidated basis as of 31st March and 30th September of each fiscal year, nor any such other reporting which the Bank of Italy may in the future require to be made, will be taken into account.

- (x) The Trustee shall be entitled to rely on any notices or reports from the Issuer to the Bank of Italy as to the value from time to time of UniCredito's Total Amount of Regulatory Capital without further investigation.

**(d) Status of the Subordinated Guarantee**

The obligations of UniCredito in respect of each Series of UCI Ireland Subordinated Notes (the “**Subordinated Guarantee**”) constitute direct, unsecured and subordinated obligations of UniCredito.

All amounts paid by UniCredito under the Subordinated Guarantee in respect of principal and interest on each Series of Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes issued by UCI Ireland will be paid *pro rata* on all Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes issued by UCI Ireland, as the case may be, of such Series.

In the event of the winding up, dissolution, liquidation or bankruptcy of UniCredito or in the event that UniCredito becomes subject to an order for *Liquidazione Coatta Amministrativa*, as defined in the Italian Banking Act, the payment obligations of UniCredito under the Subordinated Guarantee shall rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito but at least *pari passu* with all other present and future subordinated obligations of UniCredito of the same nature and in priority to the claims of shareholders of UniCredito.

In addition, neither the obligations of UCI Ireland in respect of UCI Ireland Subordinated Notes, nor the obligations of UniCredito in respect of the Subordinated Guarantee are covered by the “*Fondo Interbancario di Tutela dei Depositi*” (“**Italian Inter-Bank Fund for the Protection of Deposits**”).

**(i) Status of the Subordinated Guarantee in respect of the Upper Tier II Subordinated Notes**

**(a) Loss Absorption**

To the extent that UniCredito at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredito to reduce its capital below the Minimum Capital, the obligations of UniCredito under the Subordinated Guarantee in respect of principal and interest payable by UCI Ireland under the Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UniCredito, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital.

The obligations of UniCredito in respect of such principal and interest under the Upper Tier II Subordinated Notes under the Subordinated Guarantee which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligations has occurred:

- (A) in whole, in the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of UniCredito had not been so reduced in accordance with this Condition 5(d)(i)(a) and if the relevant payment obligations have otherwise matured or become enforceable; and
- (B) in whole or in part, from time to time, to the extent that UniCredito, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of such principal and interest under this Guarantee in accordance with this Condition 5(d)(i)(a).

UniCredito shall forthwith give notice of any such reduction and/or reinstatement to the Trustee and the Noteholders in accordance with Condition 17 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.



**(b) Deferral of Interest**

UniCredito will not be required to make any payment under the Subordinated Guarantee in respect of interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (1) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredito or paid in respect of any class of shares of UniCredito during the 12 month period ending on, but excluding, the second London Business Day (as defined in Condition 7(b)(v)) immediately preceding such Interest Payment Date or (B) the Board of Directors of UniCredito has announced, at the time of the release of any interim accounts published during the six month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-bis of the Italian Civil Code. Any such unpaid amounts in respect of interest will constitute, for the purposes of Upper Tier II Subordinated Notes, **Arrears of Interest** which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of Interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that UniCredito makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and (ii) in full on the earliest to occur of (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredito, (B) the date for repayment of the Upper Tier II Subordinated Notes; or (C) the date on which the *Liquidazione Coatta Amministrativa* of UniCredito is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredito becomes subject to a liquidation order.

UniCredito shall forthwith give notice of any such deferral of interest to the Trustee and the Noteholders in accordance with Condition 17 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

**(c) Subordination of the Upper Tier II Subordinated Notes**

In the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito, the payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to each Series of the Upper Tier II Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) and payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to the Lower Tier II Subordinated Notes and senior to the claims to shareholders of UniCredito.

**(ii) Status of the Subordinated Guarantee in respect of the Lower Tier II Subordinated Notes**

In the event of winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito, the payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to each Series of the each Series of the Lower Tier II Subordinated Notes (*passività subordinate*) and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito but at least senior to the payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to any Series of Upper Tier II Subordinated Notes and to the claims of shareholders of UniCredito.

**(e) Status of Subordinated Notes issued by UCI Ireland**

- (i) Upper Tier II Subordinated Notes and any related Coupons constitute unconditional and unsecured obligations of UCI Ireland subordinated as described in Condition 5(g)(i). Notes of each Series of Upper Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (ii) Lower Tier II Subordinated Notes and any related Coupons constitute unconditional and unsecured obligations of UCI Ireland subordinated as described in Condition 5(f). Notes of each Series of Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (iii) In relation to each Series of UCI Ireland Subordinated Notes, all UCI Ireland Subordinated Notes of such Series will be treated equally and all amounts paid by UCI Ireland in respect of principal and interest thereon will be paid *pro rata* on all UCI Ireland Subordinated Notes of such Series.
- (iv) Each Holder of a UCI Ireland Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy that it might otherwise have, under the laws of any jurisdiction, in respect of such UCI Ireland Subordinated Note.

- (v) The repayment of principal and the payment of interest in respect of UCI Ireland Subordinated Notes are obligations of UCI Ireland.

**(f) Special Provisions relating to Lower Tier II Subordinated Notes**

In the event of a bankruptcy or liquidation of UCI Ireland, claims against UCI Ireland in respect of Lower Tier II Subordinated Notes (“**Lower Tier II Claims**”) will rank:

- (i) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the Lower Tier II Claims;
- (ii) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the Lower Tier II Claims;
- (iii) ahead of all claims of subordinated creditors that are more subordinated than the Lower Tier II Claims (which will include Upper Tier II Claims (as defined below)) and all claims in respect of the share capital of UCI Ireland,

All claims of subordinated creditors that have the same degree of subordination as the Lower Tier II Claims will be satisfied together and *pro rata* with the holders of the Lower Tier II Subordinated Notes, without any preference or priority.

**(g) Special Provisions relating to Upper Tier II Subordinated Notes**

**(i) Subordination**

In the event of a bankruptcy or liquidation of UCI Ireland, claims against UCI Ireland in respect of Upper Tier II Subordinated Notes (“**Upper Tier II Claims**”) will rank:

- (A) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the Upper Tier II Claims (which will include Lower Tier II Claims);
- (B) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the Upper Tier II Claims; and
- (C) ahead of all claims in respect of the share capital of UCI Ireland.

All claims of subordinated creditors that have the same degree of subordination as the Upper Tier II Claims will be satisfied together and *pro rata* with the holders of the Upper Tier II Subordinated Notes, without any preference or priority.

**(ii) Deferral of interest**

Notwithstanding the terms of any other Condition or provisions of, or relating to, the Upper Tier II Subordinated Notes, UCI Ireland shall not have any obligation to pay interest accrued in respect of such Notes and any failure to pay such interest shall not constitute a default of UCI Ireland for any purpose.

**(iii) Loss absorption**

To the extent that UCI Ireland at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent UCI Ireland from continuing to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UCI Ireland in respect of interest and principal under the Upper Tier II Subordinated Notes, whether or not matured, will be reduced to the extent necessary to enable UCI Ireland to continue to trade in accordance with the requirements of law (as determined by the directors of UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such obligations shall be reinstated if UCI Ireland would, after such reinstatement and by reason of the occurrence of any event, be entitled to continue to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such reduction shall, subject to the below, be deemed to cease should UCI Ireland become, and for so long as it remains, subject to any bankruptcy or liquidation proceedings or process and the obligations of UCI Ireland under the Upper Tier II Subordinated Notes shall, in such event, be treated as if they were not reduced in accordance with this Condition. If, at any time during such bankruptcy or liquidation proceedings or process, reduction of the

obligations would enable such proceedings or process to be dismissed, discharged, stayed, restrained or vacated and UCI Ireland to continue to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UCI Ireland under the Upper Tier II Subordinated Notes shall be deemed to be reduced.

The Trustee shall be entitled to rely on certificates of UCI Ireland in this regard without further investigation.

## **6. REDENOMINATION**

### **(a) Redenomination**

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders or the Couponholders, on giving prior notice to the Principal Paying Agent, the Trustee, DTC, Euroclear and Clearstream, Luxembourg (as applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 17 and having notified the Trustee prior to the provision of such notice, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the prior written agreement of the Principal Paying Agent and the Trustee, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Principal Paying Agent may approve) €0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the “Exchange Notice”) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (vii) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

**(b) Definitions**

In these Conditions, the following expressions have the following meanings:

“**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

“**IFSRA**” means the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland, and shall be deemed to include references to any predecessor or successor regulator;

“**Redenomination Date**” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

“**Treaty**” means the Treaty establishing the European Community, as amended.

**7. INTEREST**

**(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to (but excluding) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest, in accordance with this Condition 7(a):

- (i) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the

relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would normally occur in one calendar year; and

(ii) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

“**Determination Period**” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

**(b) Interest on Floating Rate Notes and Index Linked Interest Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each “**Interest Period**” (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 7(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent



Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the “**TARGET System**”) is open.

(ii) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.



(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) **Determination of Rate of Interest and calculation of Interest Amounts**

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “Actual/365” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling

in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

**(v) Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 17 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange (if any) on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 17. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

**(vi) Determination or Calculation by Trustee**

If for any reason the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraph (ii) or (iv), as the case may be, above, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) determine the Rate of Interest at such rate plus or minus (as appropriate) the relevant Margin (if any) as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 7 but subject always to sub-paragraph 7(b)(iii) above), it shall deem fair and reasonable in all the circumstances and/or, as the case may be, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) calculate the Interest Amount in the manner referred to in sub-paragraph (iv) above and any such determination and/or calculation shall be deemed to have been made by the Principal Paying Agent or, as the case may be, the Calculation Agent.

**(vii) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(b) whether by the Principal Paying Agent or, if applicable, the Calculation Agent, or, if applicable, the Trustee shall (in

the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent or the Trustee (whichever is applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

*(c) Interest on Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

*(d) Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

*(e) Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 17.

## **8. PAYMENTS**

### **(a) Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

### **(b) Presentation of definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against

presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

**(c) Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of the Principal Paying Agent. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Principal Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

**(d) Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified

Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a nonresident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**(e) General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;



- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor (in the case of Guaranteed Notes), adverse tax consequences to the Issuer or the Guarantor (in the case of Guaranteed Notes).

**(f) Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Day” means any day which (subject to Condition 11) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London;
  - (C) any Additional Financial Centre specified in the applicable Pricing Supplement;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

**(g) Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 9(e)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10.

Any reference in these Conditions to payment of any sums in respect of the Notes (including, in respect of Index Linked Notes, Physically Settled Notes (as defined in Condition 9(k)) and other structured Notes) shall be deemed to include, as applicable, delivery of any relevant Reference Asset (as defined in



Condition 9(k)) if so provided in the applicable Pricing Supplement and references to paid and payable shall be construed accordingly.

## **9. REDEMPTION AND PURCHASE**

### **(a) Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will (subject, with respect to Upper Tier II Subordinated Notes, to the following paragraph, with respect to UCI Ireland Subordinated Notes, the subsequent paragraph and, with respect to Tier III Subordinated Notes, to the provisions of Condition 5(c)) be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

The redemption of Upper Tier II Subordinated Notes issued by UniCredito shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on UniCredito maintaining its minimum capital requirements (*patrimonio di vigilanza*) as prescribed in Title IV, Chapter I of the Bank of Italy Regulations immediately following redemption of the Upper Tier II Subordinated Notes. If such approval is not given on or prior to the Maturity Date, UniCredito will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required minimum capital. UniCredito will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the Maturity Date will continue to bear interest as provided in Condition 7(e).

Notwithstanding the terms of any other Condition or provisions of, or relating to, the UCI Ireland Subordinated Notes, the redemption of:

- (a) Upper Tier II Subordinated Notes issued by UCI Ireland at any time; and
- (b) Lower Tier II Subordinated Notes issued by UCI Ireland having:
  - (i) an original maturity of at least five years before the Maturity Date; or
  - (ii) no fixed maturity in circumstances where five years' notice of redemption has not been given,

shall always be subject to the prior consent of IFSRA and any failure by UCI Ireland to redeem any such Notes where such consent has not been granted shall not constitute a default of UCI Ireland for any purpose. Consent to redemption is at the discretion of IFSRA but will not be granted on the initiative of the Noteholder or where the solvency of UCI Ireland would be affected.

### **(b) Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer (but subject to the prior approval of the Bank of Italy in the case of Subordinated Notes issued by UniCredito and of IFSRA in the case of Subordinated Notes issued by UCI Ireland) in whole, but not in part, at any time (if the relevant Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if the relevant Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and the Trustee and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 or the Guarantor (in the case of Guaranteed Notes) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 10) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by any two Authorised Signatories of the Issuer or the Guarantor, as the case may be, stating that the said circumstances prevail and describing the facts leading thereto and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) above, in which event it shall be conclusive and binding on the relevant Noteholders, Couponholders and Receiptholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b). Notes redeemed pursuant to this Condition 9 (b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(c) Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may (subject, in the case of Subordinated Notes, to the prior approval of the Bank of Italy or IFSRA, as applicable), having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 17; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee, the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or the Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 17 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 17 at least five days prior to the Selection Date.

**(d) Redemption at the option of the Noteholders (Investor Put)**

*This Condition 9(d) applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.*

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 17 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not, in the case of a Bearer Note in definitive form, in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 9(d) in any multiple of their lowest Specified Denomination.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph.

**(e) Early Redemption Amounts**

For the purpose of paragraph (b) above and Condition 12, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^x$$

where:

“RP” means the Reference Price; and

“AY” means the Accrual Yield; and

“x” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

**(f) Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

**(g) Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

**(h) Purchases**

Subject as provided in the following paragraph, the Parent, the Issuer or any subsidiary of the Parent may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If

purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

Subordinated Notes may only be purchased by the Parent, the Issuer or any of the Parent's Subsidiaries subject to the prior approval of the Bank of Italy or IFSRA, as appropriate, unless the Notes to be purchased (i) do not exceed 10 per cent. of the aggregate nominal amount of the Series and (ii) are not purchased in order to be surrendered to any Paying Agent for cancellation.

### **(i) Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased by the Parent, the Issuer or any subsidiary of the Issuer and surrendered to any Paying Agent for cancellation pursuant to paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

### **(j) Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 12 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the Trustee or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 17.

### **(k) Index Linked Notes and other Structured Notes**

The Issuer may, as indicated in the applicable Pricing Supplement, be entitled to redeem Notes which are Index Linked or other structured Notes, including where the amount of principal and/or interest in respect of such Notes is based on the price, value, performance of some other factor relating to an asset or other property ("Reference Asset"), by physical delivery of all or part of the Reference Asset or of some other asset or property ("Physically-Settled Notes").

### **(l) Italian Civil Code**

The Notes are not subject to Article 1186 of the Italian Civil Code nor, to the extent applicable, to Article 1819 of the Italian Civil Code.

## **10. TAXATION**

All payments of principal and interest (including any Arrears of Interest and Default Interest) in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor (in the case of Guaranteed Notes) 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 any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction) except that:

- (i) (in respect of payments by the Parent) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21st November, 1997 (as amended by Italian Legislative Decree No. 201 of 16th June, 1998) (as any of the same may be amended or supplemented) or any related implementing regulations; and

- (ii) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:
  - (A) by, or on behalf of, a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Note; or
  - (B) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
  - (C) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day (assuming such day to have been a Payment Day as defined in Condition 8(f)); or
  - (D) (in the case of Guaranteed Notes and Notes issued by UniCredito) in the Republic of Italy; or
  - (E) (in the case of Notes issued by UCI Ireland) in Ireland;
  - (F) (in the case of UCI Luxembourg) in Luxembourg;
  - (G) (in respect of payments by UniCredito) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; and
  - (H) (in respect of payments by UniCredito) in all circumstances in which the procedures set forth in Legislative Decree No. 239 of 1st April, 1996, as amended have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of UniCredito or its agents;
  - (I) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
  - (J) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note/Coupon to another Paying Agent in a Member State of the European Union; or
  - (K) where the holder who would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements.

As used herein:

- (x) “**Tax Jurisdiction**” means (i) (in the case of payments by UniCredito) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, (ii) (in the case of payments by UCI Ireland) Ireland or any political subdivision or any authority thereof or therein having power to tax, and (iii) (in the case of payments by UCI Luxembourg) Luxembourg or any political subdivision or any authority thereof or therein having power to tax, or in any such case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the relevant Issuer or the Guarantor (in the case of Guaranteed Notes), as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons; and
- (y) the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full



amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 17.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 10 or under any obligation undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

Without prejudice to the above provisions, in the event that Notes issued by UniCredito are redeemed prior to eighteen months from the Issue Date, UniCredito will be required to pay an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. Such payment will be made by UniCredito and will not affect the amounts to be received by the Noteholders by way of interest or other amounts, if any, under the Notes.

## **11. PRESCRIPTION**

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 10) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8(b) or any Talon which would be void pursuant to Condition 8(b).

## **12. EVENTS OF DEFAULT**

### **(a) Events of Default relating to Senior Notes**

This Condition 12(a) applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.

The Trustee, at its discretion may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction), (but, in the case of the happening of any of the events mentioned in subparagraphs (ii), (iii), (iv), (v), (vii), (viii), (ix) and (xi), only if the Trustee shall have certified in writing to the Issuer and, in the case of Guaranteed Notes, the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer and, in the case of Guaranteed Notes, the Guarantor that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount plus accrued interest as provided in the Trust Deed, if any of the following events shall occur:

- (i) if default is made in the payment of any principal, premium (if any) or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or premium or 14 days in the case of interest; or
- (ii) if the Issuer or, in the case of Guaranteed Notes, the Guarantor fails to perform or observe any obligation or provision binding on it under the Notes or the Trust Deed (other than any obligation for payment of any principal, premium (if any) or interest in respect of the Notes) and, except where, in the opinion of the Trustee, such default is not capable of remedy (in which case the Notes will become due and repayable subject to, and immediately upon, the Trustee certifying and giving notice as aforesaid), such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof by the Trustee to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied; or
- (iii) one or more final judgment(s) or order(s), not being susceptible to appeal, for the payment of any amount of indebtedness (being an amount of indebtedness which is material in the context of the Issuer or (in the case of Guaranteed Notes) the Guarantor) is rendered by a court of competent jurisdiction against the Issuer or (in the case of Guaranteed Notes) the Guarantor and continue(s) unsatisfied and unsteady for a period of 30 days after the date(s) thereof or, if later, the date therein specified for judgment; or



- (iv) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be adjudicated or found bankrupt or insolvent or shall stop or threaten to stop payment or shall be found unable to pay its debts, or any order shall be made by any competent court or administrative agency for, or any resolution shall be passed by the Issuer or (in the case of Guaranteed Notes) the Guarantor for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or, as the case may be, the Guarantor or all or substantially all of its assets and, in the case of UCI Luxembourg, suspension of payments (*sursis de paiement*), measures and winding-up (*liquidation*) proceedings; or
- (v) (in the case of Notes issued by UniCredito) the Issuer or (in the case of Guaranteed Notes) the Guarantor becomes subject to an order for “*Liquidazione coatta amministrativa*” (within the meaning ascribed to that expression by Italian Legislative Decree No. 385 of 1st September, 1993 and the other laws of the Republic of Italy); or
- (vi) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be wound up, liquidated or dissolved (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or
- (vii) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall cease to carry on business or threaten to cease to carry on all or substantially all of its business (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or
- (viii) if (A) proceedings are initiated against the Issuer or (in the case of Guaranteed Notes) the Guarantor under any applicable liquidation, insolvency, composition, examination, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official (in Luxembourg, including but not limited to, any *administrateur*, *juge-commissaire*, *liquidateur* or similar officer), or an administrative or other receiver, manager, administrator, examiner or other similar official (in Luxembourg, including but not limited to, any *administrateur*, *juge-commissaire*, *liquidateur* or similar officer) is appointed, in relation to the Issuer or (in the case of Guaranteed Notes) the Guarantor or, as the case may be, in relation to all or substantially all of the undertaking or assets of any of them, or an encumbrancer takes possession of all or substantially all of the undertaking or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertaking or assets of either of them and, in the case of UCI Luxembourg, suspension of payments (*sursis de paiement*), measures and winding-up (*liquidation*) proceedings and (B) in any case is not discharged within 30 days (or such longer period as the Trustee may approve); or
- (ix) if either (A) any indebtedness for borrowed money in excess of €35,000,000 (or its equivalent in any other currency or currencies) of the Issuer or (in the case of Guaranteed Notes) the Guarantor shall become repayable prior to the due date for payment thereof by reason of default by the Issuer or, as the case may be, the Guarantor or shall not be repaid at maturity as extended by any applicable grace period therefor and, in either case, steps shall have been taken to obtain repayment or (B) any guarantee given by the Issuer or (in the case of Guaranteed Notes) the Guarantor of any indebtedness for borrowed money in excess of €35,000,000 (or its equivalent in any other currency or currencies) shall not be honoured when due and called; or
- (x) (in the case of Guaranteed Notes) the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (xi) any event occurs which, under the laws of the jurisdiction of incorporation of the Issuer or (in the case of Guaranteed Notes) the Guarantor, has an analogous effect to any of the events referred to in paragraphs (iv), (vi), (vii) or (viii) above.

**(b) Events of Default relating to Subordinated Notes**

*This Condition 12(b) applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes.*

The Trustee, at its discretion may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the

Noteholders shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give notice to UniCredito or UCI Ireland, as the case may be, that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount plus accrued interest as provided in the Trust Deed, in case of Subordinated Notes issued by UniCredito in the event that UniCredito shall become subject to *Liquidazione Coatta Amministrativa* as defined in Legislative Decree No. 385 of 1st September, 1993 of the Republic of Italy (as amended from time to time) and in case of UCI Ireland Subordinated Notes, in the event that:

- (i) UCI Ireland is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of UCI Ireland; or
- (ii) proceedings are started for the examination, winding-up, dissolution, administration or reorganisation (otherwise than while solvent) of UCI Ireland or for the appointment of a receiver, trustee, examiner or similar officer to UCI Ireland or any or all of its revenues and assets; or
- (iii) an order is made or an effective resolution passed for the winding-up or dissolution of UCI Ireland.

### **13. ENFORCEMENT**

- (a) (Subject, in the case of Subordinated Notes issued by UniCredito, to paragraph (b) below) the Trustee may, at its discretion and without notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the obligations of the Issuer and/or the Guarantor under the Notes or the Trust Deed, but it shall not be bound to take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding, and (ii) it shall have been indemnified and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound to proceed as aforesaid, fails to do so within a reasonable time and such failure is continuing.
- (b) *This Condition 13(b) applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes issued by UniCredito.*

Proceedings for the winding-up or liquidation of UniCredito may be, may only be initiated in the Republic of Italy (and not elsewhere), by the Trustee on behalf of the Noteholders, in accordance with the laws of the Republic of Italy (except for the purposes of an Approved Reorganisation).

In these Conditions, “**Approved Reorganisation**” means a solvent and voluntary reorganisation involving, alone or with others, UniCredito and whether by way of consolidation, amalgamation, merger, transfer of all or part of any business or assets, or otherwise provided that the principal resulting, surviving or transferee entity which is a banking company effectively assumes all the obligations of UniCredito under, or in respect of, the Notes and, in the case of Guaranteed Notes, the Guarantee.

### **14. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be presented for replacement at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **15. AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Paying Agent (which may be the Principal Paying Agent) having a specified office in a Member State of the European Union other than the jurisdiction in which the Issuer or the Guarantor (as the case may be) is incorporated and a Registrar;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent; and
- (d) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or law subject to there being such a Member State available and subject to not being required to incur additional expense.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Trustee and the Noteholders in accordance with Condition 17.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and (in the case of Guaranteed Notes) the Guarantor and in certain limited circumstances specified in the Agency Agreement and the Trust Deed, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **16. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11.

## **17. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London, (ii) if and for so long as the Bearer Notes are listed on the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg, and (iii) if and for so long as the Bearer Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, in a daily newspaper of general circulation in Ireland. It is expected that such publication will be made in the *Financial Times* in London, the *Luxemburger Wort* or the *Tageblatt* in Luxembourg and *The Irish Times* in Ireland. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange, listing authority and/or quoting system by which the Bearer Notes are for the time admitted to listing, trading and/or quotation. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock

exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) and such sending by mail the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

#### **18. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor (in the case of Guaranteed Notes) or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed or any waiver or authorisation of any breach or proposed breach of any of these Conditions or any provision of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall, unless the Trustee agrees otherwise, be notified to the Noteholders in accordance with Condition 17 as soon as practicable thereafter.

Without prejudice to the aforementioned discretions, the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution at any time or times of any successor company (as defined in the Trust Deed) of the Issuer or any subsidiary or holding company of the Issuer or

any successor company to such successor company, as the principal debtor under the Trust Deed and the Notes. Such agreement shall be subject to the relevant provisions of the Trust Deed, including (except where a successor company of the Issuer is the new principal debtor) the irrevocable and unconditional guarantee of the Notes by the Issuer and, in the case of Guaranteed Notes (except where the Guarantor is the new principal debtor), the irrevocable and unconditional guarantee of the Notes by the Guarantor. The Trustee may also agree without the consent of the Noteholders, the Receiptholders or the Couponholders to the addition of another company as an issuer of Notes under the Programme and the Trust Deed and to the substitution (in the case of Guaranteed Notes) of any successor company of the Guarantor or any subsidiary or holding company of the Parent as the guarantor in respect of Guaranteed Notes. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require. In the case of any proposed substitution or addition, the Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons and/ or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interest of the Noteholders.

In connection with the exercise of its powers, trusts, authorities and discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, substitution or change of law as aforesaid), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Trustee, the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 10 and/or any undertaking given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

The provisions of articles 86 to 94-8 of the Luxembourg act dated 10th August, 1915 on commercial companies, as amended, regarding meetings of Noteholders will not apply in respect of the Notes.

## **19. INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction and to be paid to its costs and expenses in priority to the claims of the Noteholders. The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Issuer's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Issuer's other Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **20. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Issuer may from time to time, with the prior written consent of the Trustee, create and issue other series of Notes having the benefit of the Trust Deed. The Trust Deed contains provisions for and governs the convening of a single meeting of the Noteholders and the holders of bearer or registered notes of other Series in certain circumstances where the Trustee so decides.



## **21. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **(a) Governing law**

The Trust Deed, the Agency Agreement, the Guarantee, the Notes (except for Condition 5), the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law. Condition 5(a) to (d) is governed by, and shall be construed in accordance with, Italian law. Condition 5(e) to (g) is governed by, and shall be construed in accordance with, the laws of Ireland.

### **(b) Submission to jurisdiction**

The Trustee, the Issuer and (in the case of Guaranteed Notes) the Guarantor each agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and that accordingly (subject, in the case of Subordinated Notes, to the provisions of Condition 13(b)) any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

The Issuer and (in the case of Guaranteed Notes) the Guarantor each hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer or (in the case of Guaranteed Notes) the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

### **(c) Appointment of Process Agent**

The Issuer and (in the case of Guaranteed Notes) the Guarantor appoints UniCredito Italiano S.p.A., London Branch at its office at 17 Moorgate, London EC2R 6PH or, if different, its principal office for the time being in London as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **(d) Non-exclusivity**

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

## **22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.



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## Use of Proceeds

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes.

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## Description of UniCredito and the UniCredito Group

UniCredito, a bank corporation organised and existing under the laws of Italy, is the parent holding company of the UniCredito Group (the “**Group**”), a full-service financial services group engaged in a wide range of banking, financial and related activities throughout Italy and eight Eastern and Central European countries. The Group’s activities include deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches, or bancassurance. At 30th June, 2004, the Group’s multi-channel distribution network comprised 4,536 branches (of which 3,231 were located in Italy), licensed bank subsidiaries in nine countries and a network of approximately 2,463 licensed financial consultants (*promotori finanziari*) operating in Italy, as well as internet and telephone banking capabilities.

At 30th June, 2004, The Group was the largest banking group in Italy in terms of market capitalisation (€25.9 billion) and had 69,248 employees (of which 41,430 were based in Italy). In terms of total assets, at 30th June, 2004, UniCredito was the second largest bank in Italy and controlled the largest commercial banks in Croatia, Bosnia-Herzegovina and Bulgaria, the second largest commercial bank in Poland and had significant operations in Slovakia, the Czech Republic, Romania and Turkey.

### HISTORY

#### Formation of the UniCredito Group

The Group was formed as a result of the October 1998 merger between the Credito Italiano national banking group and the UniCredito regional banking group. Pursuant to this transaction, these two leading Italian banking groups combined their product strengths and complementary geographic coverage in order to compete more effectively in the Italian and European banking and financial services markets.

Credito Italiano, founded in 1870 under the name Banca di Genova, grew to become one of Italy’s largest banking institutions with a strong geographic presence throughout Italy as well as numerous branches abroad. In 1993, the Republic of Italy sold its controlling stake in Credito Italiano, making it the first Italian bank to be privatised. In February 1995, Credito Italiano acquired a majority interest in Credito Romagnolo, which subsequently merged with Carimonte Banca to form Rolo Banca 1473 S.p.A. (“**Rolo Banca**”).

The UniCredito regional banking group was formed by a three-way merger in 1997 among Banca Cassa di Risparmio di Torino S.p.A. (“**Banca CRT**”), Cassa di Risparmio di Verona Vicenza Belluno e Ancona Banca S.p.A. (“**Cariverona Banca**”), which were at the time the second and third largest Italian savings banks, respectively, and Cassamarca – Cassa di Risparmio della Marca Trivigiana S.p.A. (“**Cassamarca**”).

Since its formation, the Group has continued to expand in Italy and launched its operations in Eastern Europe through both acquisitions and organic growth. Set forth below is a summary of the principal steps the Group has taken in its expansion process:

#### Italy

- In November 1999, the Group acquired a 96.81 per cent. interest in Cassa di Risparmio di Trento e Rovereto S.p.A. (“**Caritro**”), in order to strengthen the Group’s presence in the Italian region of Trentino-Alto Adige.
- In February 2000, the Group acquired a 64.4 per cent. interest in Cassa di Risparmio di Trieste S.p.A. (“**CR Trieste**”), and subsequently increased this stake to 79.35 per cent. in July 2000.
- In June 2000, the Group acquired a controlling interest in Banca dell’Umbria S.p.A. and Cassa di Risparmio di Carpi S.p.A.
- Effective 31st December, 2002, the Group acquired, by means of a tender offer, the entire outstanding share capital of ONBanca S.p.A. (“**ONBanca**”), the multi-channel bank created by Banca Popolare Commercio e Industria in 1998. As part of the Project S3 corporate reorganisation described below, ONBanca’s network of financial consultants was contributed to the private banking/asset management division of Xelion.

- In July 2003, following an auction process, the Group agreed to acquire from Gruppo ING Groep N.V. the entire share capital of ING Sviluppo Finanziaria S.p.A. (“**ING Sviluppo**”) for a price of €110 million. ING Sviluppo is a holding company controlling a group of entities engaged in asset management and insurance activities, including ING Sviluppo Investimenti SIM and ING Bank N.V.
- In December 2003, the Group acquired from ING Groep N.V. the Italian retail and private banking assets of ING Bank N.V. and the entire share capital of ING Sviluppo.
- Effective 31st December, 2003 the Group acquired Abbey National Plc’s Italian mortgage lending business, consisting of 15 branches and a loan portfolio of approximately 64.5 billion held through its Italian subsidiary Abbey National Bank (Italy).

### Central and Eastern Europe

- In October 1999, the Group acquired a 50.09 per cent. stake in Bank Polska Kasa Opieki (“**Bank Pekao**”), which is one of the two largest banks in Poland. The Group has subsequently increased its stake in Bank Pekao to 53.05 per cent. At 30th June, 2004, Bank Pekao operated a network of approximately 788 locations and branch offices throughout Poland.
- In July 2000, the Group acquired a 62.59 per cent. interest in Splitska Banka, Croatia’s third largest bank in terms of assets. However, in April 2002, the Group sold its stake in Splitska Banka to Bank Austria AG. The Croatian antitrust authorities required this divestiture as a condition to the authorisation of the Group’s subsequent acquisition of a controlling interest in Zagrebacka Banka (“**Zagrebacka**”), as more fully described below. This divestiture generated a capital gain of approximately €34.1 million (before tax) for the Group.
- In October 2000, the Group acquired 51.23 per cent. of the capital stock of Pol’nobanka, the sixth largest Slovakian bank by total assets. The Group has subsequently increased its stake in Pol’nobanka to 77.21 per cent. On 1st April, 2002, Pol’nobanka changed its name to UniBanka.
- In the fourth quarter of 2000, the Group acquired a 93 per cent. interest in Bulbank, the largest Bulgarian bank by total assets. The Group has subsequently reduced its stake in Bulbank to 85.2 per cent.
- In November 2000, the Group acquired a 9.96 per cent. stake in Zagrebacka, the largest bank in Croatia and one of the leading banks in Central Europe. In January 2002, the Group and its consortium partner Allianz launched a public tender offer to acquire control of Zagrebacka. Approximately 60.06 per cent. of the shares of Zagrebacka were tendered pursuant to this tender offer, which increased the consortium’s aggregate stake in Zagrebacka to 80.02 per cent. Following a mandatory residual offer that was launched in March 2002 and completed in May 2002, the Group increased its ownership of Zagrebacka’s voting share capital to 86.47 per cent. (96.22 per cent. together with Allianz). The Group has subsequently reduced its holding to 81.9 per cent. At 30th June, 2003, Zagrebacka operated a network of 195 locations and branch offices.
- In June 2002, the Group acquired 82.5 per cent. of the share capital of Demirbank Romania S.A. (subsequently renamed UniCredit Romania SA) and 81.88 per cent. of the share capital of Demir Romlease S.A., an affiliate of UniCredit Romania, from DemirBank for an aggregate purchase price of US\$23.4 million. In December 2002, the Group acquired an additional 17.34 per cent. equity interest in UniCredit Romania from three investment funds, for an aggregate price of US\$3.7 million.
- In October 2002, the Group entered into a 50/50 joint venture with the Koç Group in Koç Finansal Hizmetler A.S. (“**KFH**”), a leading financial services institution in Turkey providing banking, brokerage, asset management, leasing, factoring and international banking services. Since the Group does not have exclusive control of this entity, KFH does not form part of the Group for Italian bank regulatory purposes. At 30th June, 2004, KFH operated a network of 168 locations and points of sale and had total assets of €5 billion. KFH directly owns Koçbank, the fifth largest private bank in Turkey in terms of total assets.
- In February 2003, the Group acquired 85.16 per cent. of the share capital of Zivnostenska Banka a.s. (“**ZB**”), among the largest commercial banks in the Czech Republic in terms of total assets, from

Bankgesellschaft Berlin AG (“BGB”) for an aggregate purchase price of €174 million. The Group has subsequently increased its stake in ZB to 96.57 per cent.

- In July 2003, the Group and IKB Deutsche Industriebank AG (“IKB”) entered into a strategic alliance contemplating, among other things, the acquisition by the Group of a 2 per cent. stake in IKB for aggregate consideration of approximately €26.5 million. In addition, in August 2003, UniCredit Banca Mobiliare S.p.A. (“UBM”), the Group’s investment banking arm, and IKB formed IKB CorporateLab S.A., a 50/50 joint venture company organised under the laws of Luxembourg. IKB CorporateLab will provide financial risk management solutions to mid-sized to large corporate clients in Germany.

### United States

In October 2000, the Group acquired the Global Investment Management division of the U.S.-based Pioneer Group (“Pioneer”). Following this acquisition, the Group consolidated its asset management businesses under a newly formed holding company named Pioneer Global Asset Management S.p.A. (“PGAM”). In November 2002, PGAM acquired a 100 per cent. interest in Momentum Asset Management and its subsidiaries, an asset management group.

## REORGANISATION INITIATIVES

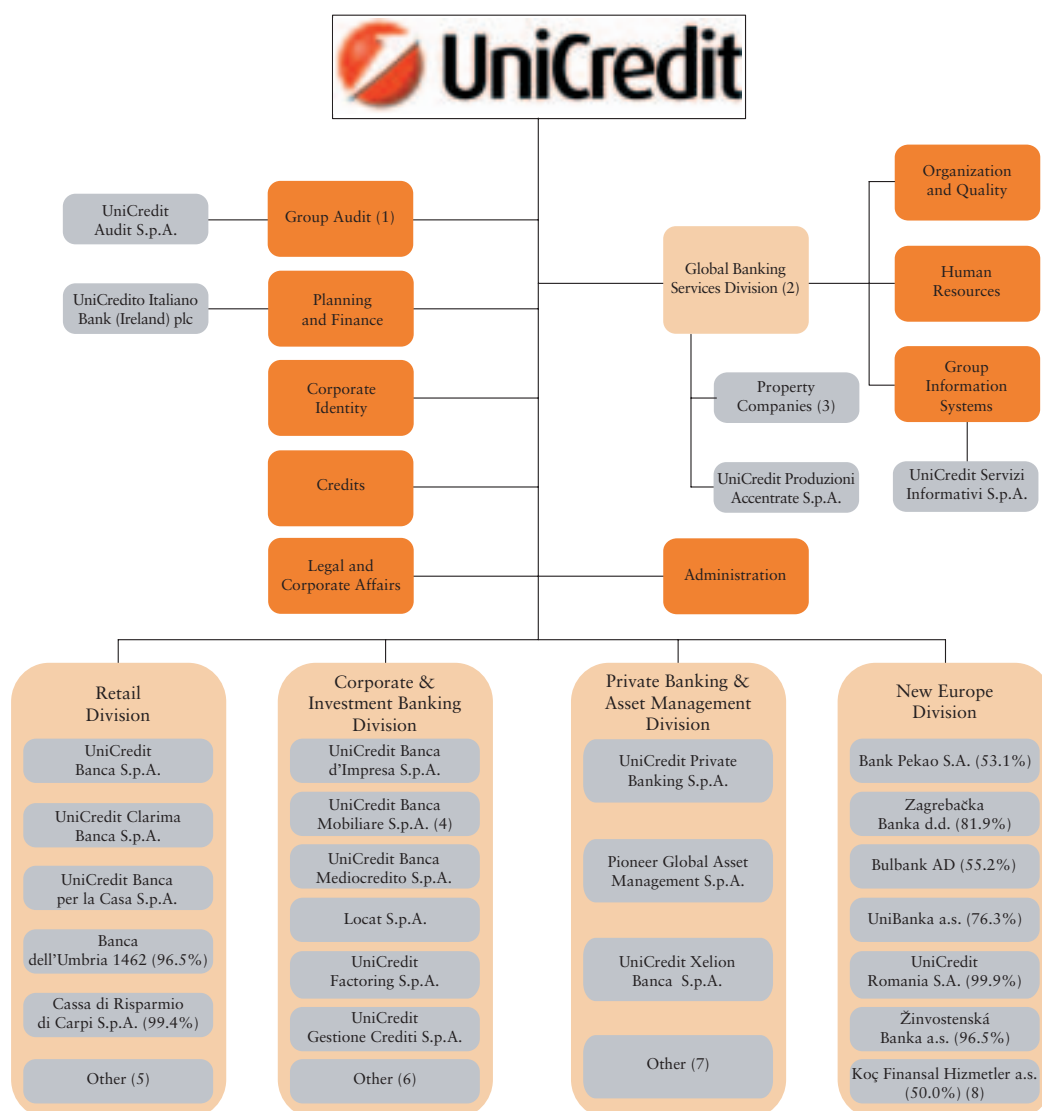
### Project S3

On 1st January, 2003, the Group completed a comprehensive internal reorganisation, known as “Project S3”, which transformed its Italian organisational structure from a federated banking model based on geographic areas to a divisional model based on client base. Before the implementation of Project S3, the Group’s Italian banking group consisted of seven federated commercial banks, each of which was engaged in one or more of the retail, corporate and private banking/asset management businesses and operated in mostly complementary geographic markets. These banks – Credito Italiano, Banca CRT, Cariverona Banca, Cassamarca, Caritro, CR Trieste, and Rolo Banca – are collectively referred to herein as the “Federated Banks”.

Under the Group’s former federated banking model, each of the Federated Banks provided a broad series of services to customers in its geographic market, with UniCredito being responsible for co-ordination, planning and control functions. The corporate functions were organised into three divisions – Italian Banking, Wholesale Banking and New Europe Banking – and two business departments managing ventures related to e-banking for households and private individuals.

As of the date of this Offering Circular, the organisational structure of the Group reflects the strategic approach underlying the Project S3 reorganisation. The Group conducts the business through four operating divisions: Retail Banking, Corporate & Investment Banking, Private Banking & Asset Management and New Europe. Each of these divisions is organised around one or more lead banks that, through its distribution network, channels to its clients products and services engineered and packaged by the other banks and financial services companies comprising the division. Effective 22nd July, 2004, UniCredito has established a new division, called Global Banking Services, which is responsible for developing and implementing efficient and effective operating processes across the Group, overseeing inter-divisional activity and ensuring cost control. The holding company is responsible for centralised policymaking, particularly in the areas of credit management, risk management and asset and liability management, as well as for our treasury, strategic planning and control, accounting and internal auditing functions.

The following diagram illustrates the organisational structure of the Group and the main Group companies.



### Notes:

- (1) Reports directly to the Chairman of UniCredito's Board of Directors; the Global Banking Services division and the other departments report to UniCredito Italiano's CEO.
- (2) Non operating Division.
- (3) Includes UniCredito Real Estate S.p.A. and Cordusio Immobiliare S.p.A.
- (4) Includes TradingLab Banca, a UBM subsidiary, which was at first transferred from the Retail Banking Division to the Corporate Banking Division and then merged into UBM as of 1st July, 2004.
- (5) Other main Retail Banking Division subsidiaries include: UniCredito Fondi SGR, UniCredito Assicura Srl, CreditRas Previdenza SIM. The division also comprises CreditRas Assicurazioni, Commercial Union and CreditRas Vita, insurance partnerships in which UniCredito Banca has a non-controlling interest.
- (6) Other main Corporate Banking Division subsidiaries include: Uniriscossioni, UniCredito Broker, I-Faber, Quercia Funding Srl, Ventura Finance, S+R Investimenti e Gestioni SGR. As at 30th June, 2004 Unicredit Service Lab and Unicredit International Services Srl have been incorporated in Unicredit Banca d'Impresa.
- (7) Other main Private Banking and Asset Management Division subsidiaries include: Banque Monagasque de Gestion SA, UniCredito (Suisse) Bank SA, Cordusio Società Fiduciaria per Azioni, Banca Agricola Commerciale Repubblica di San Marino SA, UniCredito Consulting Srl, FRT Fiduciaria, Risp. Torino SIM and UniCredito Private Asset Management SGR.
- (8) Consolidated using the proportional method since it is owned jointly with the Koç Holding Group, Turkey.

Project S3 was launched in December 2001 and was executed in three phases. In the first phase, which was completed in July 2002, each of the Federated Banks, except Credito Italiano, was merged with and into UniCredito. Subsequently, UniCredito contributed all of the assets and liabilities formerly owned by such Federated Banks to Credito Italiano, thus consolidating the businesses of each of the seven Federated Banks into one entity. Contemporaneously, Credito Italiano changed its name to UniCredit Banca S.p.A. (“UniCredit Banca”).

In the second phase, which was completed in the second half of 2002, the operations of the Federated Banks were reorganised to reflect three separate segment-based national structures. Specifically, this phase featured the following elements:

- identification of all “corporate” customers (medium and large-size government and private industrial and service companies and government agencies headquartered and operating primarily in the domestic market) and “private” customers (high net-worth individuals) to be transferred to the corporate and private banking/asset management divisions, respectively;
- assignment of a relationship manager to each such customer;
- reorganisation of all management levels of the corporate and private banking/asset management networks and the related loan and sales administration structures; and
- reorganisation of all management levels in the remaining retail locations and branches and the related loan and sales administration structures.

In the third and final phase of Project S3, which was completed on 1st January, 2003, UniCredit Banca:

- transferred to UniCredit Banca d’Impresa S.p.A. (“UBI”), a newly formed, wholly owned subsidiary of UniCredito, all of the assets and liabilities relating to the corporate banking business formerly owned and operated by the Federated Banks; and
- transferred to UniCredit Private Banking S.p.A. (“UPB”), a newly formed, wholly owned subsidiary of UniCredito, all of the assets and liabilities relating to the private banking business formerly owned and operated by the Federated Banks.

Following the implementation of Project S3, only those subsidiaries performing activities essential to the operation and development of each client segment were transferred to the relevant division. All other strategic and core equity investments, the Group’s subsidiaries with operations ancillary to the Group’s corporate and holding functions, and all equity investments previously held by the Federated Banks, became direct subsidiaries of UniCredito.

### Further Developments

In March 2003, the Board of Directors of UniCredito resolved to undertake certain additional steps intended to further rationalise its businesses, eliminate duplications, and achieve synergies and cost reductions. Specifically:

- In the private banking/asset management division, UniCredito has planned to merge UniCredit Fondi’s investment funds sales business into Pioneer Investment Management SGR and to cause Pioneer Investment Management SA (“PIA”), a retail asset management company, and UniCredit Capital Italia Advisory Company SA (“UCIAC”), a financial consulting company, to contribute all of their business, assets and liabilities to Pioneer Institutional Investment Management SA, which has been renamed Pioneer Asset Management SA. Following the sale, PIA and UCIAC will be dissolved.
- In the retail business division, UniCredit Banca has planned to contribute its consumer credit business to Clarima Banca S.p.A. (“Clarima”), one of the Group’s commercial retail banks, the stock of which has recently been transferred by UniCredito to UniCredit Banca. In addition, UniCredit Banca plans to transfer to UniCredit Banca per la Casa (“UBC”) (formerly Adalya Banca Immobiliare S.p.A.), a mortgage company wholly owned by UniCredit Banca, its mortgage portfolio originating from its commercial relationship with Tecnocasa, a third party real estate broker.
- UniCredito also intends to rationalise the portfolio of real estate assets formerly owned by UniCredit Banca and UniCredito directly. In the first phase of the process, which was completed in March 2003,



## Description of UniCredito and the UniCredito Group

UniCredito's real estate holdings were divided into two categories, strategic and non-strategic, and contributed to two newly formed wholly owned subsidiaries of UniCredit Banca, UniCredit Real Estate S.p.A. and Cordusio Immobiliare S.p.A., respectively. Subsequently, in July 2003, UniCredit Banca contributed its strategic and non-strategic holdings to these newly formed subsidiaries as well.

- Finally, UniCredito has reorganised and consolidated its internal audit function, previously performed by a subdivision of UniCredit Banca, by creating UniCredit Audit S.p.A., a separate legal entity directly owned by UniCredito. Effective 1st July, 2003, UniCredit Banca contributed to UniCredit Audit S.p.A. all of its assets and liabilities related to the internal audit function.

### BUSINESS OF THE PARENT

The following tables indicate the contribution of the different divisions to the Group with respect to profit and loss, loans, deposits, and number of employees as of 30th June, 2004:

Segment	Total Revenues	% of Group's Revenues	Operating Costs	% of Group's Operating Costs	Group Portion of Net Profit	% of Group's Net Profit
(Amounts in € millions)						
Retail Banking . . . . .	2,074	39.9	1,468	50.2	258	24.6
Corporate and Investment Banking . . . . .	1,622	31.2	502	17.2	553	52.7
Private Banking and Asset Management. . . . .	570	11.0	372	12.7	159	15.2
New Europe Banking . . . . .	853	16.4	464	15.9	178	17.0
Parent Company and Other Companies . . . . .	100	1.9	134	4.6	29	2.8
Other Adjustments . . . . .	(16)	(0.3)	(17)	(0.6)	(128)	(12.2)
Consolidated Group Total . . . . .	5,203	100.0	2,923	100.0	1,049	100.0

Segment	Customer Loans	% of Group's Loans	Customer Deposits and Securities	% of Group's Deposits and Securities	Number of Employees	% of Group's Employees
(Amounts in € millions)						
Retail Banking . . . . .	52,241	39.4	63,912	45.7	25,467	36.8
Corporate and Investment Banking . . . . .	64,952	48.8	25,689	18.4	6,367	9.2
Private Banking and Asset Management. . . . .	1,197	0.9	5,919	4.2	3,674	5.3
New Europe Banking . . . . .	12,734	9.6	21,038	15.1	27,818	40.2
Parent Company and Other Companies . . . . .	13,955	10.5	44,625	31.9	5,922	8.6
Other Adjustments . . . . .	(12,061)	(9.1)	(21,404)	(15.3)	—	—
Consolidated Group Total . . . . .	133,198	100.0	139,779	100.0	69,248	100.0

### UniCredito Italiano S.p.A.

UniCredito is the parent company of the UniCredito Group. As such, it engages in the following main strategic functions:

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

back office administration and information technology through UniCredit Servizi Informativi S.p.A. and UniCredit Produzioni Accentrate S.p.A.

### Retail Banking Division

The retail banking division provides commercial banking services to Italian families and small businesses, predominantly through UniCredit Banca's network of local branches. This division also comprises Banca dell'Umbria S.p.A. and Cassa di Risparmio di Carpi S.p.A., two local banks enjoying strong ties with their traditional client base, as well as specialized banks UBC and Clarima. Other subsidiaries of UniCredit Banca include UniCreditAssicura s.r.l., CreditRas Vita S.p.A., CreditRas Assicurazioni S.p.A., Commercial Union Vita S.p.A., Rolo Pioneer Luxemburg S.A., UniCredit Capital Italia Advisory S.p.A. and Vivacity, Grifofactor S.p.A., Grifo Insurance Brokers s.r.l.

UBC, a wholly owned subsidiary of UniCredit Banca formerly named Adalya Banca Immobiliare S.p.A., is an Italian real estate mortgage and insurance company created to address the Group customers' financial and insurance needs related to acquiring and managing their home. UBC combines the Group's experience in providing financial services with its understanding of the needs of homebuyers, which derives from UBC's cooperation with Tecnocasa, one of the leading Italian real estate brokers with approximately 2,200 agencies throughout the country. UBC offers a wide range of products and services, including mortgage products, life and other insurance policies and various loan products for renovations, home furnishing and relocations. UBC began operations in March 2002.

Clarima, which obtained its banking licence in September 2002, targets the lower-end retail customer segment. Clarima's business model is based on a network of partnerships aimed at launching co-branded credit cards and delivers its services through multi-channel distribution. Clarima uses credit card services as a means of acquiring and retaining customers, while cross selling a range of other products, including personal loans and insurance policies. During the first half of 2003, Clarima began providing consumer credit products and introducing a priority scoring model featuring automated customer behavioural analysis in order to contain credit risks.

### Corporate & Investment Banking Division

The Group's corporate and investment banking division is formed by UBI, UBM and the following other specialised companies that, in the aggregate, afford the Group's corporate clients a complete range of financial services:

- Locat S.p.A. ("Locat") and its subsidiaries Locat Rent S.p.A. and Locat Leasing d.s.a.;
- UniCredit Banca Mediocredito ("BMC");
- UniCredit Gestione Crediti S.p.A. ("UGC");
- Uniriscossioni S.p.A. ("Uniriscossioni").

UBI is the primary entity within the Corporate & Investment Banking Division responsible for commercial relationships with most of the Group's corporate clients, which are categorised based on annual revenues into small enterprises (between €1.5 million and €5 million), mid-sized companies (between €5 million and €50 million), large corporate (above €50 million) and other large corporates (comprised of Italy's 41 largest groups; commercial relationships with these clients are managed directly by UBM).

Following the start-up of its operations on 1st January, 2003, UBI has been able to increase its market share of loans to the Italian corporate banking sector from 7.5 per cent. to approximately 9 per cent. at 31st December, 2003, by increasing its focus on large corporate clients while also improving the credit quality of its loan portfolio (as measured according to the rating categories of the *Centrale dei Rischi* of the Bank of Italy. See "*Capital Allocation and Risk Management*"). Unicredito management believes that these results are particularly significant in light of the weak performance of the Italian economy during 2003 and in the first half of 2004, as exacerbated by the aftermath of the Parmalat and Cirio scandals.

UBM operates in the primary and secondary capital markets and provides wholesale financial services to institutional investors and distribution intermediaries. UBM was first established in 1998 as a division of Credito Italiano and subsequently, in 2000, was spun off as an independent bank. UBM's most important business remains sales and trading of fixed income, equity and derivative financial products, with the sale of

derivative products to corporate customers and government agencies and municipalities being the single most important driver of the financial performance of our investment bank.

In this regard, in 2003, the Group decided to integrate its investment banking operations by merging TradingLab<sup>®</sup> Banca S.p.A. (“TradingLab<sup>®</sup>”), formerly part of the Retail Banking division, into UBM. The purpose of the transaction, which was completed on 1st July, 2004, was to achieve better internal coordination and standardisation and improved competitiveness and efficiency at Group level of the provision of risk management services to clients and other Group entities.

TradingLab<sup>®</sup> was formed on 1st January, 2001 following the demerger of UBM’s warrant and equity derivatives business, and offered securities brokers a complete package of wholesale financial services products designed to meet the needs of retail investors and centralised the production of derivatives and structured products for downstream distribution. TradingLab<sup>®</sup> owned TLX<sup>®</sup> S.p.A., the company operating TLX<sup>®</sup>, an electronic after hours global market trading system allowing trading of a broad range of securities and providing a high degree of transparency on prices and on pre- and post-trading information.

In August 2003, UBM expanded its foreign operations by entering into a 50/50 joint venture with IKB for the development and distribution of corporate financial risk management solutions for German companies. The joint venture, which is managed jointly by IKB and UBM and has been operational since October 2003, combines the business model of CorporateLab (UBM’s unit specialising in corporate financial risk management), which is based on product innovation and the use of a sophisticated technological platform, with IKB’s distribution network, which serves over 8,000 German companies.

Locat, a leasing company listed on the Italian Stock Exchange of which UBI owns approximately 94.9 per cent. of the capital stock, is a leader in the Italian financial, real estate and office and industrial equipment leasing businesses. The Group plans to acquire the remainder of the capital stock of Locat and expects to launch a residual tender offer on the outstanding shares of Locat.

BMC, an 92.23 per cent. subsidiary of UBI, was created in 1995 by the merger between Federbanca and Mediocredito Piemontese. Since 1998, BMC specialises in financial advisory services and has acted as lead arranger in project finance transactions in the energy, environment, oil and gas, manufacturing, telecommunications, transport and logistics, water systems and public utilities and services industries. BMC combines corporate lending activity with modern project and acquisition finance techniques in order to meet its corporate clients’ demands. BMC also specialises in the management of funds and provides assistance to support companies on both the national and European level.

UGC, a 97.81 per cent.-owned subsidiary of UBI formerly known as Mediovenetie Banca, specialises in servicing and managing non-performing loans for the purpose of minimising the recovery costs of distressed loans. Founded in 1900 as a special credit banking company, UGC provides its services primarily to affiliated Group companies. UGC pursues efficient recovery management by negotiating out-of-court settlements, purchasing loans, and arranging and servicing securitisation transactions.

Uniriscossioni is a wholly owned subsidiary of UBI that offers tax collection services to the Italian tax authorities, particularly in relation to local taxation.

### **Private Banking & Asset Management Division**

The private banking & asset management division operates in the wealth management business, with a focus on mid to high net-worth individuals and families. On 21st July, 2003, the Group signed an agreement with ING Groep N.V. to acquire the assets of the retail and private banking business units of ING Bank N.V., representing the Italian retail operations of the Dutch group, and a direct, 100 per cent. interest in its affiliate ING Sviluppo. ING Sviluppo is a holding company controlling ING Sviluppo Fiduciaria SIM, ING Employee Benefits, ING Investment Management SGR, ING Agenzia Assicurativa and ING Sviluppo Investimenti SIM. This transaction was completed on 1st December, 2003. During 2004, UniCredito has taken the following steps to integrate these assets into our Private Banking and Asset Management division:

- the private banking business unit of ING Bank N.V.’s Italian branch was transferred to UniCredit Private Banking;

- ING Sviluppo Investimenti SIM's network of financial consultants, the equity investment in XAA Agenzia Assicurativa S.p.A. (formerly ING Agenzia Assicurativa) and the retail business unit of ING Bank N.V.'s Italian branch were transferred to Xelion; and
- PlXel Investment Management SGRpA (formerly ING Investment Management Italia SGRpA), which operates in the asset management sector, was transferred to PGAM, with a view to targeting the customers of former ING financial consultants.

Following these transactions and the further development and rationalisation of its businesses, at 30th June, 2004 the division had over 3,000 client managers and financial consultants and €161 billion in financial assets, of which €125 billion in assets under management (or assets held in discretionary accounts). The division acts through three main entities:

- UPB and its subsidiaries, offering tailored services to high net-worth clients;
- Xelion, focusing on financial consulting; and
- PGAM, the subsidiary controlling the asset management business.

UPB is the Group's bank designated to serving wealthy individuals and not-for-profit entities having significant financial resources and needs similar to those of private individuals. UPB is the largest private bank in Italy with 155 locations and branch offices and approximately 95,000 clients through 572 relationship managers. UPB maintains a physical presence in substantially all of Italy's mid and large cities, and directly controls other major Group subsidiaries concentrating in the private banking and asset management business, including Cordusio Società Fiduciaria per Azioni, FRT Fiduciaria Risparmio Torino Sim S.p.A., UniCredit Consulting, Rolo Pioneer SGR (now UniCredit Private Asset Management SGR), UniCredit Suisse (Bank), Banque Monegasque de Gestion and Banca Agricola Commerciale of the Republic of San Marino.

Xelion, which manages a network of more than 1,600 financial consultants, is one of the five largest players in the Italian market and intends also to become an important player in the high net-worth client segment by continuing to grow its network of financial consultants and points of sale, diversify its product range, and expand and upgrade its on-line trading capabilities. At 30th June, 2004, Xelion had approximately €11 billion worth of assets under management.

PGAM has completed the process of rationalisation and consolidation of its operating, back-office and marketing and sales structures and, as at 30th June, 2004, had approximately €124.6 billion under management, approximately 91 per cent. of which in Italy.

### **New Europe Banking**

Starting in 1999, the Group has acquired controlling stakes in seven banks and financial institutions based in Central and Eastern Europe, including Poland, Slovakia, Czech Republic, Croatia, Bulgaria, Turkey and Romania. As a result of these transactions, the Group has become, with its approximately 30,000 employees, one of the leading international banks operating in the region. Typically, the Group assigns staff and executives originating from the Group's central structure to operate locally, typically assigning a chief operating officer to work with a local chief executive officer.

The Group has recently launched several projects aimed at improving efficiency and controlling risks, including:

- implementation of a new information technology system in Pekao and Bulbank;
- re-organisation of credit and monitoring processes; and
- implementation of a common platform for credit card processing.

The Group has also commenced a marketing campaign targeting Italian entrepreneurs seeking investment opportunities in Eastern and Central Europe as part of an integrated effort by the Group's Italian and non-Italian operations to provide customer assistance and support relating to new business opportunities in the region.

In Eastern and Central Europe, the Group has applied its client-based business model based on specialised divisions to all of the acquired banks in order to improve their efficiency and competitiveness.

### **STRATEGY**

In the context of relatively unfavourable market conditions, the Group pursues a strategy of preserving its ability to create value according to the following guidelines:

- improvement of capital allocation in order to maximise risk adjusted return on capital and to enhance shareholder value;
- further evolution of the domestic banks' service and product models through the creation of new and development of existing distribution channels; and
- further product and service innovation, in particular in corporate services and retail products.

The Group intends to improve efficiency of its operations through monitoring of its operating costs, improvement of capital allocation and strengthening of internal controls and accountability. The Group aims at minimising time-to-market for the introduction of new products and services and seeks to increase brand recognition for its products and services and improve penetration in defined geographic areas. The Group intends to increase its focus on the quality of its services generally, seeking to acquire and develop specialised knowledge of the needs of each particular customer segment.

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## Management of UniCredito

### Board of Directors

The Board of Directors of UniCredito (the “Board”) is responsible for the ordinary and extraordinary management of UniCredito and our Group. The Board of Directors may delegate its powers to one or more Managing Directors and appoint an Executive Committee, determining its scope and powers.

The Board is elected by UniCredito’s shareholders at a general meeting for a term of three years, unless a shorter duration is designated upon appointment, and directors may be re-elected following the expiration of their term. The Board consists of nine to twenty Directors.

The current Board is composed of twenty members, each of whom will hold office until the annual general meeting of our shareholders called to approve UniCredito’s or the fiscal year ending 31st December, 2005. The Board may also appoint, in lieu of or in addition to the Managing Directors, one Chief General Manager and one or more Deputy General Managers and determines their responsibilities and term of office. The Board appointed Mr. Alessandro Profumo as Managing Director and Chief General Manager. It also appointed Messrs. Paolo Fiorentino, Dario Frigerio, Andrea Moneta and Roberto Nicastro as Deputy General Managers. The following table sets forth the name, age, position and year of appointment of the current members of the Board:

Name	Age	Position	Year First Appointed
Carlo Salvatori	63	Chairman/Member of Executive Committee	2002
Alessandro Profumo	47	Managing Director/Member of Executive Committee/Chief General Manager/CEO	1999
Eugenio Caponi	68	Deputy Chairman/Member of Executive Committee	1999
Franco Bellei	60	Deputy Chairman/Member of Executive Committee	2002
Fabrizio Palenzona	51	Deputy Chairman/Member of Executive Committee	1999
Roberto Bertazzoni	62	Director/Member of Executive Committee	1994
Vincenzo Calandra	58	Director	2002
Buonaura Mario Cattaneo	74	Director	1999
Philippe Citerne	55	Director	1999
Ambrogio Dalla Rovere	64	Director	2002
Giovanni Desiderio	56	Director	2002
Guidalberto di Canossa	55	Director	2002
Francesco Giacomini	53	Director/Member of Executive Committee	2000
Piero Gnudi	66	Director	2002
Mario Greco	45	Director/Member of Executive Committee	2001
Achille Marmotti	77	Director	1994
Gianfranco Negri-Clementi	73	Director	2002
Carlo Pesenti	41	Director/Member of Executive Committee	2002
Giovanni Vaccarino	63	Director	1999
Anthony Wyand	60	Director	1999

The business address for each of the foregoing directors is UniCredito Italiano S.p.A., Piazza Cordusio 1, Milan, Italy.

### Executive Committee

The Board appoints an Executive Committee comprising such number of members as the Board determines in its discretion, but in any case not less than five members. The Chairman of the Board, the Deputy Chairmen and the Managing Director are “ex-officio” members of the Executive Committee.

The Executive Committee determines the principles governing the conduct of our business and supervises our operations; in case of urgency, the Executive Committee may adopt any resolution necessary to transact our businesses and operations, provided that it must subsequently inform the Board of such decision.

The Executive Committee currently consists of Messrs. Salvatori, Caponi, Bellei, Palenzona, Profumo, Bertazzoni, Giacomini, Greco and Pesenti.



**Top Management**

The Board appoints the top executives who are responsible for managing our day-to-day operations, as directed by the Managing Director/Chief General Manager/CEO.

Alessandro Profumo	Managing Director, General Manager and Chief Executive Officer and <i>ad interim</i> Deputy General Manager and Head of Corporate & Investment Banking
Paolo Fiorentino	Deputy General Manager and Head of Global Banking Services division
Dario Frigerio	Deputy General Manager and Head of Private Banking & Asset Management division
Andrea Moneta	Deputy General Manager and Head of New Europe division
Roberto Nicastro	Deputy General Manager and Head of Retail division

**STATUTORY BOARD OF AUDITORS**

The Board of Statutory Auditors must monitor the management of UniCredito and its compliance with laws, regulations and by-laws, assess and monitor the adequacy of the company's organization, internal controls, administrative and accounting systems and its disclosure procedures, and has the obligation to report any irregularities to CONSOB, the Bank of Italy and the shareholders meeting called to approve the company's financial statements.

The Board of Statutory Auditors is appointed by UniCredito's shareholders at a general meeting for a term of three years and members may be re-elected. Under UniCredito's by-laws, the Board consists of five Statutory Auditors, including a Chairman of the Board of Auditors and two Alternate Statutory Auditors.

The current members of the Board of Statutory Auditors of UniCredito will hold office until the annual general meeting of our shareholders called to approve UniCredito's financial statements for the fiscal year ending 31st December, 2007. The following table sets forth the name, age, position and year of appointment of the current members of the Board of Statutory Auditors of UniCredito.

Name	Age	Position	Year First Appointed
Gian Luigi Francardo	73	Chairman	1999
Vincenzo Nicastro	65	Statutory Auditor	2002
Aldo Milanese	60	Statutory Auditor	1999
Giorgio Loli	57	Statutory Auditor	1999
Roberto Timo	43	Statutory Auditor	1999
Giuseppe Armenise	81	Alternate	2002
Marcello Ferrari	47	Alternate	2001

**External Auditors**

Under Italian securities regulations, UniCredito's annual financial statements must be audited by external auditors appointed by the shareholders. The appointment is communicated to CONSOB. The external auditors examine UniCredito's accounts and issue an opinion regarding whether UniCredito's financial statements are presented fairly in all material respects. Their opinion is made available to our shareholders prior to the annual general shareholders' meeting.

Listed companies may not appoint the same auditors for more than three consecutive three-year terms. At the annual general shareholders' meeting of UniCredit held on 4th May, 2004, KPMG S.p.A. was appointed to act as our external auditor for a period of three years. KPMG S.p.A. succeeds to PricewaterhouseCoopers S.p.A., which had acted as the external auditor for us and for our predecessor entity Credito Italiano for three consecutive three-year terms. At the annual general shareholders' meeting of UCI Ireland held on 25th February, 2004, KPMG, Dublin was appointed to act as UCI Ireland's external auditor for a period of three years. KPMG, Dublin succeeds to PricewaterhouseCoopers, Dublin, which had acted as the external auditor for us and for three consecutive three-year terms.

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## Capitalisation of the Group

The following table sets forth the consolidated capitalisation and consolidated indebtedness of the UniCredito Group as at 30th June, 2004.

	At 30th June, 2004 (€ thousands)
<b>Debt</b>	
Long-term debt <sup>(1)</sup> . . . . .	3,618,759
Subordinated debt <sup>(2)</sup> . . . . .	6,202,633
Total debt . . . . .	<u>9,821,392</u>
<b>Shareholders' Equity</b>	
Share capital . . . . .	3,158,168
Paid-in surplus . . . . .	2,308,639
Reserves:	
Legal reserve . . . . .	631,634
Other reserves <sup>(3)</sup> . . . . .	5,617,627
Revaluation reserve . . . . .	281,782
Net profit for the period . . . . .	1,049,032
Total shareholders' equity . . . . .	<u>13,046,882</u>
<b>Total Capitalisation and Indebtedness<sup>(4)</sup> . . . . .</b>	<u><u>22,868,274</u></u>

Notes:

- (1) Long-term debt is debt to clients (as opposed to banks) and securities issued with a term of maturity over five years.
- (2) Of which 910,218 (€ thousands) preferred securities. All expirations included. No subordinated debt was issued as at 30th June, 2004.
- (3) Fund for general banking risks included.
- (4) Since 30th June, 2004, there has been no material change in the capitalisation and indebtedness of the UniCredito Group.

## Summary Consolidated Financial and Operating Information for the UniCredito Group

The following tables present in summary form certain summary consolidated financial and operating information for the Group. The financial data set forth below has been presented in accordance with Italian GAAP. The consolidated interim financial statements as at and for the six months ended 30th June 2003 and 2004, have not been audited by external auditors.

### CONSOLIDATED INCOME STATEMENT INFORMATION

	1st Half		change		2003 (restated)
	2004	2003 (restated)	Profit and loss account (€ millions)	%	
Net interest . . . . .	2,399	2,444	(45)	(1.8)	4,744
Dividends and other revenue from equity investments . . . . .	121	141	(20)	(14.2)	241
Net interest income. . . . .	2,520	2,585	(65)	(2.5)	4,985
Net commission . . . . .	1,653	1,620	33	2.0	3,307
Trading profit . . . . .	587	785	(198)	(25.2)	1,287
Other net operating income . . . . .	443	406	37	9.1	869
Net non-interest income . . . . .	2,683	2,811	(128)	(4.6)	5,463
Total Revenues . . . . .	5,203	5,396	(193)	(3.6)	10,448
Payroll costs . . . . .	(1,689)	(1,639)	(50)	3.1	(3,280)
Other administrative expenses . . . . .	(1,014)	(981)	(33)	3.4	(1,972)
Writedowns of intangible and tangible fixed assets . . . . .	(220)	(226)	6	(2.7)	(490)
Operating expenses. . . . .	(2,923)	(2,846)	(77)	2.7	(5,742)
Operating Profit . . . . .	2,280	2,550	(270)	(10.6)	4,706
Amortisation of goodwill . . . . .	(143)	(136)	(7)	5.1	(264)
Provisions for risks and charges . . . . .	(36)	(134)	98	(73.1)	(230)
Net writedowns of loans and provisions for guarantees and commitments . . . . .	(438)	(363)	(75)	20.7	(957)
Provisions for possible loan losses . . . . .	—	—	—	—	(44)
Net writedowns of financial investments . . . . .	—	(2)	2	(100.0)	(10)
Total writedowns and provisions . . . . .	(617)	(635)	18	(2.8)	(1,505)
Profit before extraordinary items and income tax . . . . .	1,663	1,915	(252)	(13.2)	3,201
Extraordinary income (charge) — net . . . . .	102	69	33	47.8	215
Change in fund for general banking risks. . . . .	—	—	—	—	4
Income tax for the period . . . . .	(631)	(782)	151	(19.3)	(1,335)
Net profit for the period . . . . .	1,134	1,202	(68)	(5.7)	2,085
Minorities . . . . .	(85)	(70)	(15)	21.4	(124)
Group portion of net profit . . . . .	1,049	1,132	(83)	(7.3)	1,961

Note:

The restated income statement takes into account the most significant changes in the scope of consolidation.

## CONSOLIDATED BALANCE SHEET INFORMATION

### Assets

	Amounts as at		Change on 31st December, 2003		Amounts as at 30th June, 2003	Change over 30th June, 2003
	30th June, 2004	31st December, 2003	amount	%		
	(€ millions)					
Cash and deposits with central banks and post offices. . . . .	1,621	1,952	(331)	(17.0)	1,275	27.1%
Due from:						
– customers. . . . .	133,198	126,709	6,489	5.1	116,514	14.3%
– banks . . . . .	28,627	32,783	(4,156)	(12.7)	28,454	0.6%
Trading securities . . . . .	22,844	18,256	4,588	25.1	22,655	0.8%
Fixed assets:						
– investment securities . . . . .	10,080	11,271	(1,191)	(10.6)	12,719	(20.7%)
– equity investments. . . . .	3,496	3,505	(9)	(0.3)	3,246	7.7%
– intangible and tangible fixed assets . . . . .	4,371	4,406	(35)	(0.8)	4,634	(5.7%)
– positive consolidation and net equity differences . . . . .	1,163	1,232	(69)	(5.6)	1,179	(1.4%)
Other assets items . . . . .	38,138	38,142	(4)	0.0	38,084	0.1%
<b>Total assets</b> . . . . .	<b>243,538</b>	<b>238,256</b>	<b>5,282</b>	<b>2.2</b>	<b>228,760</b>	<b>6.5%</b>

### Liabilities and Shareholders' Equity

	Amounts as at		Change on 31st December, 2003		Amounts as at 30th June, 2003	Change over 30th June, 2003
	30th June, 2004	31st December, 2003	amount	%		
(€ millions)						
Deposits						
due to customers . . . . .	98,572	97,976	596	0.6	93,977	4.9%
securities in issue . . . . .	41,207	37,298	3,909	10.5	33,292	23.8%
due to banks . . . . .	42,830	44,252	(1,422)	(3.2)	39,785	7.7%
Specific reserves . . . . .	3,457	4,830	(1,373)	(28.4)	4,035	(14.3%)
Other liabilities . . . . .	37,196	33,591	3,605	10.7	37,346	(0.4%)
Loan loss reserve . . . . .		69	(69)	(100.0)	105	(100.0%)
Subordinated debt. . . . .	6,203	6,190	13	0.2	6,782	(8.5%)
Negative consolidation and net equity differences . . . . .	62	64	(2)	(3.1)	62	0.0%
Minorities . . . . .	964	973	(9)	(0.9)	1,017	(5.2%)
Shareholders' equity:						
capital, reserves, and fund						
for general banking risks . . .	11,998	11,052	946	8.6	11,227	(6.9%)
net profit for the period . . .	1,049	1,961	(912)	(46.5)	1,132	(7.3%)
<b>Total liabilities and shareholders' equity . . . . .</b>	<b>243,538</b>	<b>238,256</b>	<b>5,282</b>	<b>2.2</b>	<b>228,760</b>	<b>6.5%</b>

## DIVISIONAL RESULTS

	Corporate and Investment Retail	Banking and Asset Management	New Europe	Company and other Companies	Elisions and other adjustments	Consolidated Group Total
(€ millions)						
<b>Income Statement</b>						
<b>1st Half 2004</b>						
Net interest income . . . . .	1,141	751	49	536	46	2,520
Net non-interest income . . . . .	933	871	521	317	54	2,683
Total revenues . . . . .	2,074	1,622	570	853	100	5,203
Operating costs . . . . .	(1,468)	(502)	(372)	(464)	(134)	(2,923)
Operating profit . . . . .	606	1,120	198	389	(34)	2,280
Provisions and net write-downs . . .	(144)	(259)	(2)	(67)	(2)	(143)
Extraordinary income (change) – net	(5)	65	9	(4)	34	102
Income tax for the period . . . . .	(199)	(372)	(41)	(59)	31	(631)
Net profit	258	554	164	259	29	1,134
Minorities		(1)	(5)	(81)	2	(85)
Group portion of net profit	258	553	159	178	29	1,049
<b>Profitability Ratios</b>						
Cost/income ratio . . . . .	70.8%	30.9%	65.3%	54.4%	n.s.	56.2%
<b>Balance Sheet data</b>						
Customer loans						
as at 30th June, 2004 . . . . .	52,421	64,952	1,197	12,734	13,955	133,198
as at 1st January, 2004 restate . .	48,810	63,442	1,058	11,848	13,437	126,709
Deposits from customers and securities in issue						
as at 30th June, 2004 . . . . .	63,912	25,689	5,919	21,038	44,625	139,779
as at 1st January, 2004 restate . .	60,196	27,355	5,710	20,555	38,213	135,274
<b>Employees and Branches</b>						
Number of employees						
as at 30th June, 2004 . . . . .	25,467	6,367	3,674	27,818	5,922	69,248
as at 1st January, 2004 restate . .	25,468	6,320	3,518	28,039	5,717	69,062
Number of bank branches						
as at 30th June, 2004 . . . . .	2,837	241	164	1,287	7	4,536
as at 1st January, 2004 restate . .	2,898	214	162	1,281	8	4,563

Note:

The income statement for each Division was formed by adding the income statement of each company part of the relevant Division, after making adjustments attributable to such companies and excluding write-downs of positive consolidation differences. Any restatements of goodwill effected directly by such Companies have been reflected in the elisions and other consolidation write-downs. For the parent company and other companies, the figure for other net operating income, mainly intra-group cost recoveries, is deducted from operating costs.

## EMPLOYEES AND BRANCHES

	30th June,			31st December,
	2004	2003 (restated)	change	2003
Number of employees. . . . .	69,248	68,877	371	69,062
Financial consultants . . . . .	2,463	2,360	103	2,424
Number of banking branches . . . . .	4,536	4,546	(10)	4,563

## KEY FINANCIAL RATIOS AND OTHER INFORMATION

	30th June,			31st December,
	2004	2003 (restated)	change	2003
<b>Profitability ratios (%)</b>				
ROE <sup>(1)(2)</sup> . . . . .	17.49	20.20	(2.71)	17.70
ROE (excluding goodwill amortisation) <sup>(1)(2)</sup> . . . . .	19.87	22.60	(2.73)	20.10
Operating profit/total assets <sup>(2)</sup> . . . . .	1.87	2.23	(0.36)	2
Cost/income ratio. . . . .	56.18	52.70	3.48	54.50
<b>Risk ratios (%)</b>				
Net non-performing loans/Loans to customers . . . . .	1.91	1.92	(0.01)	1.87
Net doubtful loans/Loans to customers . . . . .	3.64	3.71	(0.07)	3.72
<b>Capital ratios<sup>(3)</sup> (%)</b>				
Core capital/total risk-weighted assets . . . . .	7.37	7.07	0.30	6.96
Total regulatory capital/Total risk-weighted assets. . . . .	11.47	11.42	0.05	11.10
<b>Productivity ratios<sup>(4)</sup> (€ thousands)</b>				
Total revenues/Number of employees. . . . .	150	157	(7)	152
Total assets/Number of employees . . . . .	3,517	3,323	194	3,450
Payroll Costs/Number of employees . . . . .	49	48	1	48

Notes:

- (1) Shareholders' equity as at the end of the period (profit of the period not included).  
 (2) The 30th June profit for the period or operating profit were considered on an annual basis.  
 (3) Core capital is given by Tier 1 capital excluding preference shares.  
 (4) Employee numbers as at year-end.

## RATINGS

	short term	medium/long term	outlook
FITCH RATINGS . . . . .	F1+	AA-	POSITIVE
Moody's Investor Service . . . . .	P-1	Aa2	STABLE
Standard & Poor's . . . . .	A-1+	AA-	STABLE



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## Description of UCI Ireland

### HISTORY

UCI Ireland was incorporated in Ireland on 7th November, 1995 under the Irish Companies Act, 1963 (as amended, the “**Irish Companies Act**”). UCI Ireland changed its name from Credito Italiano (Ireland) Limited to Credito Italiano Bank (Ireland) Limited on 19th December, 1997 and received a banking licence from the Central Bank of Ireland (now the Central Bank and Financial Services Authority of Ireland) on 24th December, 1997 pursuant to section 9 of the Irish Central Bank Act, 1971 (as amended). Re-registration as a public limited company was completed on 2nd April, 1998. UCI Ireland changed its name to UniCredito Italiano Bank (Ireland) p.l.c. on 1st November, 1999.

UCI Ireland is registered with the Registrar of Companies in Dublin under registration number 240551 and has its registered office at La Touche House, International Financial Services Centre, Dublin 1. UCI Ireland is a wholly owned subsidiary of UniCredito and has one subsidiary at the date of this Offering Circular.

UCI Ireland’s subsidiary is UniCredit Ireland Financial Services p.l.c., whose registered office is at 2 Harbourmaster Place, Custom House Dock, Dublin 1, and is engaged in financial services.

### BUSINESS

UCI Ireland is engaged in the business of banking and provision of financial services. Its main business areas include credit and structured finance (loans, bonds, securitisation and other forms of asset financing), treasury activities (money market, repurchase agreements or “repos”, Euro OverNight Index Average (EONIA) and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.

### DIRECTORS

The following table sets forth the name, age, position and date of appointment of the current members of the Board of Directors of UCI Ireland:

Name	Age	Position	Year First Appointed
Brian J. Hillery	69	Chairman	1997
Luigi Parrilla	55	Deputy Chairman	2001
Stefano Vaiani	51	Managing Director	2004
Sebastiano Bazzoni	66	Director	2000
Patrizio Braccioni	45	Director	2002
Elaine Hanly	40	Director	1997
Giorgio Lombardi	69	Director	1999
David McCabe	65	Director	1997
Michael J. Meagher	62	Director	1997
Secondino Natale	52	Director	1999

The business address for each of the foregoing directors is UniCredito Italiano Bank (Ireland) p.l.c., La Touche House, International Financial Services Centre, Dublin 1, Ireland.

### CAPITAL

At 30th June, 2004 the authorised share capital of UCI Ireland was €117,587,665, comprising €19,115,021 divided into 19,115,021 ordinary shares of €1 each and €98,472,644 divided into 119,693,499 ordinary shares of US\$1 each. All of the authorised share capital has been issued and fully paid. At 30th June, 2004 UCI Ireland had received capital contributions amounting to €753,418,666.

## Capitalisation of UCI Ireland

The following table sets forth the capitalisation and indebtedness of the Issuer as at 30th June, 2004.

	30th June, 2004	30th June, 2003
	(€)	(€)
<b>Borrowings<sup>(1)</sup></b>		
<b>Deposits by Banks</b> . . . . .	—	—
	—	—
	—	—
<b>Customer Accounts</b> . . . . .	—	—
	—	—
	—	—
<b>Debt Securities in Issue</b> . . . . .	—	—
	—	—
	—	—
Called up Share Capital . . . . .	117,587,665	123,861,235
Other Reserves — Capital Contribution . . . . .	753,418,666	510,418,666
Profit and Loss Account . . . . .	41,278,719	30,929,111
<b>Equity Shareholders' Funds</b> . . . . .	912,285,050	665,209,012
<b>Total Capitalisation and Indebtedness<sup>(2)</sup></b> . . . . .	912,285,050	665,209,012

Notes:

(1) With agreed maturity dates or periods of notice of over 5 years.

(2) There has been no material change to the capitalisation and indebtedness of UCI Ireland since 30th June, 2004.

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## Summary Financial Information for UCI Ireland

The following information has been extracted without material adjustment from the unaudited management accounts of UCI Ireland at and for the six months ended 30th June, 2004 and 2003, respectively, and the audited financial statements of UCI Ireland at and for the financial years ended 31st December, 2003 and 2002, respectively, and should be read in conjunction with, and is qualified in its entirety by, the more detailed financial information and accompanying notes which form an integral part thereof as set forth in UCI Ireland's annual report. The full financial statements of UCI Ireland for the financial year ended 31st December, 2003 and the unaudited unconsolidated interim financial statements for the six-month period ended 30th June, 2004 are set forth in Appendix Two, Part II to this Offering Circular.

The information contained in the following pages is an extract of information and therefore not a full copy of the financial statements of UCI Ireland which, pursuant to Regulation 6 of the European Communities (Credit Institutions: Accounts) Regulations, 1992, of Ireland, are required to be annexed to its annual return and which have been so annexed. UCI Ireland's auditors, PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, have reported under section 193 of the Irish Companies Act, 1990 in respect of the financial statements for the periods ended 31st December, 2003 and 31st December, 2002 without qualification.

## PROFIT AND LOSS ACCOUNT INFORMATION

	30th June,		31st December,	
	2004	2003	2003	2002
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	€	€	€	€
<b>Interest receivable</b>				
Interest receivable and similar income arising from				
debt securities . . . . .	89,130,189	47,457,387	113,528,253	70,981,774
Other interest receivable and similar income. . . . .	77,186,851	42,620,234	81,934,255	90,068,079
<b>Interest payable and similar charges . . . . .</b>	<b>(134,838,662)</b>	<b>(65,361,926)</b>	<b>(142,801,388)</b>	<b>(122,012,059)</b>
<b>Net interest income . . . . .</b>	<b>31,478,378</b>	<b>24,715,695</b>	<b>52,661,120</b>	<b>39,037,794</b>
<b>Other income</b>				
Fees and commissions receivable . . . . .	557,604	715,654	1,815,430	36,799
Fees and commissions payable . . . . .	(719,343)	(490,039)	(1,179,832)	(1,131,486)
Dealing (losses)/profits. . . . .	(71,969)	1,185,399	1,833,348	4,243,420
Other operating income . . . . .	5,033,412	470,434	8,128,550	—
<b>Operating Income . . . . .</b>	<b>36,278,082</b>	<b>26,597,143</b>	<b>63,258,616</b>	<b>42,186,527</b>
<b>Operating expenses</b>				
Administrative expenses . . . . .	(2,314,117)	(2,046,565)	(3,772,746)	(3,744,538)
Depreciation . . . . .	(256,371)	(160,668)	(407,178)	(112,104)
Other operating charges . . . . .	—	—	—	—
<b>Profit on ordinary activities before taxation . . . . .</b>	<b>33,707,594</b>	<b>24,389,910</b>	<b>59,078,692</b>	<b>38,329,885</b>
Taxation . . . . .	(3,505,759)	(2,798,991)	(6,340,000)	(3,652,776)
<b>Profit on ordinary activities after taxation . . . . .</b>	<b>30,201,835</b>	<b>21,590,919</b>	<b>52,738,692</b>	<b>34,677,109</b>
Proposed dividend . . . . .	—	—	(51,000,000)	(30,052,045)
Retained profit for the period . . . . .	30,201,835	21,590,919	1,738,692	4,625,064
Retained profit brought forward . . . . .	11,076,884	9,338,192	9,338,192	4,713,128
<b>Retained profit carried forward . . . . .</b>	<b>41,278,719</b>	<b>30,929,111</b>	<b>11,076,884</b>	<b>9,338,192</b>
<b>Statement of Total Recognised Gains and Losses</b>				
Retained profit . . . . .	30,201,835	21,590,919	52,738,692	34,677,109
Exchange adjustment . . . . .	3,703,445	(9,388,904)	(19,365,919)	(21,679,585)
<b>Total recognised gains and losses for the period . . . . .</b>	<b>33,905,280</b>	<b>12,202,015</b>	<b>33,372,773</b>	<b>12,997,524</b>

## BALANCE SHEET INFORMATION

	30th June,		31st December,	
	2004	2003	2003	2002
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	(€)	(€)	(€)	(€)
<b>Assets</b>				
Cash at Central Bank and other banks . . . . .	84,287,040	30,312,092	25,093,833	9,968,474
Loans and advances to banks . . . . .	6,820,974,694	3,027,756,274	4,525,135,995	2,540,078,246
Loans and advances to customers. . . . .	332,619,463	43,310,754	274,149,792	38,915,207
Debt securities . . . . .	7,740,557,903	4,226,820,927	6,251,394,082	1,789,864,278
Tangible fixed assets. . . . .	1,865,983	1,960,926	1,979,557	1,049,555
Prepayments and accrued income. . . . .	119,935,661	52,520,898	122,151,348	36,789,173
<b>Total assets</b> . . . . .	<u>15,100,240,744</u>	<u>7,382,681,871</u>	<u>11,199,904,607</u>	<u>4,416,664,933</u>
<b>Liabilities</b>				
Deposits by banks. . . . .	5,029,345,766	5,187,699,923	8,455,334,095	3,580,908,571
Customer accounts . . . . .	88,232,861	438,159,925	116,787,393	233,163,048
Debt securities in issue. . . . .	8,932,755,337	1,050,000,000	1,818,143,348	—
Other liabilities . . . . .	76,674,296	2,811,478	82,735,336	3,422,194
Deferred taxation . . . . .	675,000	—	540,000	—
Accruals and deferred income . . . . .	60,272,434	38,801,533	39,984,664	21,112,077
Proposed dividend. . . . .	—	—	51,000,000	30,052,045
	<u>14,187,955,694</u>	<u>6,717,472,859</u>	<u>10,564,524,836</u>	<u>3,868,657,935</u>
Called up share capital . . . . .	117,587,665	123,861,235	113,884,221	133,250,140
Other reserves . . . . .	753,418,666	510,418,666	510,418,666	405,418,666
Profit and loss account . . . . .	41,278,719	30,929,111	11,076,884	9,338,192
<b>Equity shareholders' funds.</b> . . . .	<u>912,285,050</u>	<u>665,209,012</u>	<u>635,379,771</u>	<u>548,006,998</u>
<b>Total liabilities</b> . . . . .	<u>15,100,240,744</u>	<u>7,382,681,871</u>	<u>11,199,904,607</u>	<u>4,416,664,933</u>
<b>MEMORANDUM ITEMS</b>				
Commitments. . . . .	<u>286,773,861</u>	<u>1,398,505,553</u>	<u>464,509,440</u>	<u>165,646,722</u>

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## Description of UCI Luxembourg

### HISTORY

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

UCI Luxembourg is registered with the Luxembourg trade and companies register under the number B103.341 and has its registered office at 16, rue des Bains, L-1212 Luxembourg. UCI Luxembourg currently has no subsidiaries.

### BUSINESS

UCI Luxembourg is engaged in the business of banking and provision of financial services.

### SHARE CAPITAL

As at the date of this Offering Circular, the issued share capital of UCI Luxembourg was €10,000,000 consisting of 100,000 shares in registered form with a nominal value of €100 each, fully paid-in in cash or in kind.

UniCredito owns 99,999 of UCI Luxembourg's shares and Mr Giovanni Giallombardo owns one share.

### CONSTITUTION

UCI Luxembourg has been incorporated pursuant to a notarial deed of Maître Frank Baden, notary residing in Luxembourg, on 30th September, 2004. The articles of incorporation of UCI Luxembourg have been published in the *Journal Officiel du Grand-Duché de Luxembourg, Recueil des Sociétés et Associations* number C-N° 1040 of 18 October 2004 on page 49877.

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

### CORPORATE OBJECTS

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

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



**Tax regime**

UCI Luxembourg is a fully taxable company.

**Term**

UCI Luxembourg is incorporated for an unlimited duration.

**Accounting year**

The accounting year of UCI Luxembourg runs from 1st January to 31st December of each year.

Since its date of incorporation, no financial statements of UCI Luxembourg have been prepared. UCI Luxembourg intends to publish its first financial statements in respect of the period from 30th September, 2004 to 31st December, 2004.

**Management**

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

The current board of directors has been appointed on 29th October, 2004 for a period ending at the day of the annual general meeting approving the annual accounts of UCI Luxembourg as at 31st December, 2009.

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

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

<b>Name</b>	<b>Title</b>	<b>Address</b>
Jacques Santer	Chairman	69, rue J.-P. Huberty, L-1742 Luxembourg
Marco Bolgiani	Vice-Chairman	66, Corso Moncalieri, I-10100 Turin
Giorgio d'Amico	Director	7, Via Briantea, I-22100 Como
Patrizio Braccioni	Director	7, Via Poina, I-20129 Milan
Roberto Armand	Director	30, Via Parigi, I-11100 Aosta
Paolo Lupo	Director	15, Via Santa Teresa, I-10100 Turin
Eugenio Calini	Director	63, Via Santa Franca, I-29100 Piacenza

**External auditor**

As at the date of this Offering Circular, KPMG Luxembourg serves as the external auditor (*réviseur d'entreprises*) of UCI Luxembourg. The external auditor's business address is 31, Allée Scheffer L-2520, Luxembourg.

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## Capitalisation of UCI Luxembourg

The following table sets forth the unaudited capitalisation of UCI Luxembourg as at the date of this Offering Circular:

	€
Share Capital (100,000 shares of €100 par value each) . . . . .	10,000,000
Other reserves . . . . .	10,000,000
<b>Total shareholder's funds . . . . .</b>	<b>20,000,000</b>

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## Book-entry Clearance Systems

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor, the Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### BOOK-ENTRY SYSTEMS

#### DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. “**Direct Participants**” include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“**Beneficial Owner**”) is in turn to be recorded on the Direct Participant’s and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial

Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

#### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

#### **BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES**

The relevant Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or

Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuers expect DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the relevant Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

#### **TRANSFERS OF NOTES REPRESENTED BY REGISTERED GLOBAL NOTES**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form (see "*Form of the Notes*"). Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.



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## Taxation

*The statements herein regarding taxation are based on the laws in force as at the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### **TAXATION IN THE REPUBLIC OF ITALY**

*The following is a summary of current Italian law and practice relating to the taxation of the Notes. Prospective noteholders who may be unsure as to their tax position should seek their own professional advice.*

*Law No. 80 of 7th April, 2003 for the reform of the Italian tax system has been approved by the Italian Parliament on 26th March, 2003 which authorises the Italian Government, inter alia, to issue, within two years of the entering into force of such law, legislative decrees introducing a general reform of the tax treatment of financial income, which may impact upon the tax regime of the Notes, as described under “Taxation in the Republic of Italy” below. Legislative Decree No. 344 of 12th December, 2003 published in the Italian Official Gazette of 16th December, 2003, No. 261 (Ordinary Supplement No. 190), effective as of 1st January, 2004 introduced the reform of taxation of corporations and of certain financial income amending the Italian Income Taxes Consolidated Code.*

#### **Tax treatment of Notes issued by an Italian resident Issuer**

Decree 239 provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks, provided that the notes are issued for an original maturity of not less than 18 months, or by non-Italian resident issuers.

#### **Italian resident Noteholders**

Where the Notes have all original maturity of at least 18 months, and an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see under “Capital gains tax” below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 12.5 per cent. In case the Noteholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

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

Notes income received by Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 25th January, 1994 is exempt from taxation when in the hands of such funds.

Where an Italian resident Noteholder is an open ended or a closed-ended investment fund or a SICAV and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period, will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 12.5 per cent. substitute tax, which may be reduced, in certain circumstances, to 5 per cent. Please note that the European Commission has incurred an infringement procedure against Italy concerning such 5 per cent. reduced tax rate.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by articles 14, 14<sup>ter</sup> and 14<sup>quater</sup>, paragraph 1, of Legislative Decree No. 124 of 21st April, 1993) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an “**Intermediary**”).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

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

#### **Non-Italian resident Noteholders**

Where the Noteholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy.

The *imposta sostitutiva* will be applicable at the rate of 12.5 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in (i) countries which do not allow for a satisfactory exchange of information with Italy.

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

#### **Early Redemption**

Without prejudice to the above provisions, in the event that Notes issued by an Italian resident Issuer are redeemed, in full or in part, prior to 18 months from the Issue Date, the relevant Issuer will be required to pay a tax equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. Such payment will be made by the relevant Issuer and will not affect the amounts to be received by the Noteholder by way of interest or other amounts, if any, under the Notes.

#### **Notes with an original maturity of less than 18 months**

Interest payments relating to Notes issued with an original maturity of less than 18 months are subject to a withholding tax, levied at the rate of 27 per cent.

Where the Noteholder is (i) an individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian commercial partnership, or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax; in all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final

withholding tax. In case of non-Italian resident Noteholders, the 27 per cent. withholding tax rate may be reduced by the applicable double tax treaty, if any.

**Tax treatment of Notes issued by a non-Italian resident Issuer****Italian resident Noteholders**

Pursuant to Decree 239, an *imposta sostitutiva* equal to (a) 12.5 per cent. in relation to Notes issued for an original maturity of not less than 18 months, and (b) 27 per cent, in relation to Notes issued for an original maturity of less than 18 months, is applied on interest, premium and other income relating to the Notes issued by a non-Italian resident Issuer accrued during the relevant holding period, if received by (i) an Italian individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian non-commercial partnership, (iii) an Italian non-commercial private or public institution, or (iv) an Italian investor exempt from Italian corporate income taxation. Such withholding is applied by the Intermediary. In case the Noteholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity and the Notes are deposited with an Intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP the regional tax on productive activities).

Interest or any other income relating to the Notes issued by a non-Italian resident issuer received by Italian residents real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 25th January, 1994 is exempt from taxation when in the hands of such funds.

If the Notes are issued for an original maturity of less than 18 months, the 27 per cent. *imposta sostitutiva* is also applied to any payment of interest or premium relating to the Notes made to (i) Italian pension funds (subject to the regime provided for by articles 14, 14<sup>ter</sup> and 14<sup>quater</sup>, paragraph 1, of Legislative Decree No. 124 of 21st April, 1993), (ii) Italian open-ended or closed-ended investment funds, and (iii) Italian SICAVs.

Without prejudice to the above provisions, in the event that Notes issued by a non-Italian resident Issuer are redeemed, in full or in part, prior to 18 months from the Issue Date, the Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. This provision does not apply to an Italian Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution

**Non-Italian resident Noteholders**

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes issued by a non-Italian resident Issuer provided that the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

**Payments made by an Italian resident guarantor**

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 12.5 per cent. pursuant to Presidential Decree No. 600 of 29th September, 1973, as subsequently amended. In case of payments to non-Italian resident Noteholders, the withholding tax may be applied at (i) 12.5 per cent. if the payment is made to non-Italian resident Noteholders, other than those mentioned under (ii); or (ii) 27 per cent. if payments are made to non-Italian resident Noteholders who are resident in tax haven countries (as defined and listed in Ministerial Decree 23rd January, 2002, as amended from time to time). Double taxation treaties entered into by Italy may apply allowing for a lower (on, in certain cases, nil) rate of withholding tax. In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

**Atypical securities**

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 27 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In case of Notes issued by an Italian resident Issuer, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax.

If the Notes are issued by a non-Italian resident Issuer, the 27 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

**Capital gains tax**

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

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.5 per cent. Noteholders may set-off losses with gains.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the “*risparmio amministrato regime*”). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the *risparmio amministrato regime* being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato regime*, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato regime*, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime (the “*risparmio*

*gestito regime*”) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito regime*, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito regime*, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian open ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.5 per cent. substitute tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by articles 14, 14<sup>ter</sup> and 14<sup>quater</sup>, paragraph 1, of Legislative Decree No. 124 of 21st April, 1993) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian-resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer and traded on regulated markets are not subject to the *imposta sostitutiva*.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (i) is resident in a country which (a) allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy.

If the conditions above are not met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 12.5 per cent.

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

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

#### **Italian gift tax**

Italian inheritance tax has been abolished by Law No. 383 of 18th October, 2001. Transfers of the Notes by reason of gift to persons other than the spouse, siblings, ascendants, descendants or relatives within the 4th degree will be subject to the ordinary transfer taxes, if due, in respect of the value of the gift received by each person exceeding Euro 180,759.91.

#### **Transfer tax**

Pursuant to Italian Legislative Decree No. 435 of 21st November, 1997, which partly amended the regime set forth by Royal Decree No. 3278 of 30th December, 1923, the transfer of the Notes may be subject to the Italian transfer tax, which is currently payable at a rate between a maximum of Euro 0.0083 and a minimum of Euro 0.00465 per Euro 51.65 (or fraction thereof) of the price at which the Notes are transferred. Where the transfer tax is applied at a rate of Euro 0.00465 per Euro 51.65 (or fraction thereof) of the price at which Notes are transferred, the transfer tax cannot exceed Euro 929.62.

However, the transfer tax does not apply, *inter alia*, to: (i) contracts entered into on regulated markets relating to the transfer of securities, including contracts between the intermediary and its principal or between qualified intermediaries; (ii) off-market transactions regarding securities listed on regulated markets, provided that the contracts are entered into (a) between banks, SIMs or other financial intermediaries regulated by Decree No. 415 of 23rd July, 1996 as superseded by Decree No. 58 of 24th February, 1998, or stockbrokers; (b) between the subjects mentioned in (a) above, on the one hand, and non-Italian



residents, on the other hand; (c) between the subjects mentioned in (a) above, even if non-resident in Italy, on the one hand, and undertakings for collective investment in transferable securities, on the other hand; (iii) contracts related to sales of securities occurring in the context of a public offering (*offerta pubblica di vendita*) aimed at the listing on regulated markets, or involving financial instruments already listed on regulated markets, (iv) contracts regarding securities not listed on a regulated market entered into between the authorised intermediaries referred to in (ii)(a) above, on the one hand, and non-Italian residents on the other hand.

## **TAXATION IN IRELAND**

*The following is a summary of the current Irish taxation law and practice with regard to the holders of the Notes. It is based on Irish taxation law and the practices of the Revenue Commissioners (the Irish tax authorities) as in force at the date of this Offering Circular, and which may be subject to change. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem, exchange or dispose of the Notes and does not constitute tax or legal advice. Prospective investors should consult with their own professional advisers on the overall tax implications of such ownership.*

### **Withholding tax on interest**

Withholding tax will not apply to interest payments made by the Issuer to holders of the Notes to the extent that:

- (i) the Notes are “quoted Eurobonds”, being notes which are in bearer form, are quoted on a recognised stock exchange and carry a right to interest, and interest payments are made:
  - by a non-Irish located paying agent, or
  - by or through an Irish located paying agent and (a) an appropriate form of declaration of non-Irish residence is provided to the paying agent by or on behalf of the person who is the beneficial owner of the Notes and who is beneficially entitled to the interest, or (b) the Notes and related coupons are held in a recognised clearing system such as DTC, Euroclear or Clearstream, or
- (ii) the interest is paid in the ordinary course of a *bona fide* banking business carried on by the Issuer in Ireland, or
- (iii) the interest is paid in the ordinary course of business of the Issuer and the recipient is a company which is tax resident in a member state of the European Union other than Ireland or a country with which Ireland has concluded a Double Taxation Agreement and the interest is not paid to the recipient company in connection with a trade or business carried on by it in Ireland through a branch or agency, or
- (iv) the interest is paid by the Issuer to a person whose usual place of abode is outside Ireland in the course of carrying on relevant trading operations within the meaning of Section 446 Taxes Consolidation Act, 1997 (“TCA 1997”), (as UCI Ireland’s operations are) and the interest is paid before 31st December, 2005. For interest paid by the Issuer after 31st December, 2005, this exemption from withholding tax will continue to apply provided the Notes were issued before 31st December, 2005 on terms which oblige the Issuer to redeem the Notes within a period of 15 years from the date of issue, or
- (v) the Noteholder is resident in a jurisdiction which has concluded a Double Tax Agreement with Ireland which provides that Irish tax shall not be charged on Irish source interest paid to such a resident and the Noteholder is entitled to the benefit of that exemption from Irish tax and has made all the requisite filings with the appropriate authorities to obtain relief under that agreement in advance of any interest payment and the Irish Revenue Commissioners have accordingly authorised the Issuer to pay gross, or



(vi) the interest is paid pursuant to a Note which matures within 2 years, and either:

- the person by or through whom the interest is paid (“**the relevant person**”) is not resident in Ireland and the payment is not made by or through a branch or agency through which a non-resident company carries on a trade or business in Ireland, and the Note is held on a recognised clearing system (*e.g.* DTC, Euroclear or Clearstream), and the Note is of a denomination of not less than €500,000, or US\$500,000, or in the case of a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (“**an approved denomination**”) at the date the Programme is first publicised or
- the relevant person is resident in Ireland or the payment is made by or through branch or agency through which a non-resident company carries on a trade or business in Ireland, and
  - (a) the Note is held on a recognised clearing system and is of an approved denomination, or
  - (b) the Noteholder is resident in Ireland and has provided their tax reference number to the relevant person, or
  - (c) the Noteholder is not resident in Ireland and has made a declaration of this fact.

The Irish Revenue Commissioners have also confirmed that Irish withholding tax is not levied on discounts arising on securities.

In all other cases, interest payments may be subject to withholding tax at the standard rate of income tax (which is currently 20 per cent.).

#### **Deposit Interest Retention Tax (DIRT)**

In general, DIRT at the rate of 20 per cent. is deducted from interest paid on deposits taken by a bank or other relevant deposit taker in Ireland. However, DIRT will not apply to the extent that:

- (i) the Notes constitute a debt on a security and are listed on a stock exchange,
- (ii) the interest is paid pursuant to a Note which matures within 2 years, and either:
  - the person by or through whom the interest is paid (“**the relevant person**”) is not resident in Ireland and the payment is not made by or through a branch or agency through which a non-resident company carries on a trade or business in Ireland, and the Note is held on a recognised clearing system (*e.g.* DTC, Euroclear or Clearstream), and the Note is of a denomination of not less than €500,000, or US\$500,000, or in the case of a currency other than euro or US dollars, the equivalent in that other currency of €500,000 (“**an approved denomination**”) at the date the Programme is first publicised or
  - the relevant person is resident in Ireland or the payment is made by or through a branch or agency through which a non-resident company carries on a trade or business in Ireland, and
    - (a) the Note is held on a recognised clearing system and is of an approved denomination, or
    - (b) the Noteholder is resident in Ireland and has provided their tax reference number to the relevant person, or
    - (c) the Noteholder is not resident in Ireland and has made a declaration of this fact.
- (iii) the Notes are not listed on a stock exchange and the Noteholder:
  - (a) is not resident in Ireland, or
  - (b) is a company within the charge to corporation tax in Ireland in respect of the interest from such Notes, or
  - (c) is a pension scheme or charity of the kind mentioned in the definition of “relevant deposit” in paragraphs (f) to (h) of Section 256(1) TCA 1997.

In the case of (a) above, an appropriate declaration as referred to in Section 256 TCA 1997 must be made. In the case of (b) and (c) above, the tax reference numbers appropriate to these bodies must be provided to the Issuer.

- (iv) the Notes are not listed on a stock exchange and do not mature within two years, and each relevant Agent has represented and agreed (and each further Agent appointed under the Programme will be required to further represent and agree) that:
- its action will comply with the then applicable laws and regulations of that jurisdiction;
  - it will not knowingly offer to sell such Notes to an Irish resident, or to persons whose usual place of abode is Ireland, and it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes;
  - it will not offer, sell or deliver any such Notes to any person in a denomination of less than €500,000 or is equivalent; and
  - such Notes will be cleared through a recognised clearing system (*e.g.*, DTC, Euroclear or Clearstream).

**Encashment Tax**

Encashment tax may arise in respect of Notes issued in bearer form that constitute quoted Eurobonds. Where interest payments are made in respect of such notes by an Irish collection agent, encashment tax at the standard rate of income tax (currently 20 per cent.) will arise unless the person beneficially owning the Note and entitled to the interest thereon is not resident in Ireland and has provided the appropriate declaration to the relevant person. Where interest payments are made by or through a paying agent outside Ireland, no encashment tax arises. In the case of Notes that are not quoted Eurobonds, no encashment tax arises.

**Liability of Noteholders to Irish Income Tax**

Interest on the Notes whether paid gross or net, may be subject to Irish income tax or corporation tax, as the case may be. In general, Noteholders that are resident or ordinarily resident for tax purposes in Ireland will be subject to Irish corporation tax or income tax with respect to interest on the Notes.

Noteholders that are not resident or ordinarily resident in Ireland for tax purposes may be exempt from Irish income tax in respect of interest on the Notes where:

- (i) the Notes constitute quoted Eurobonds and the interest is paid free of withholding tax in the circumstances described above, to a person who is tax resident in a Member State of the EU under the law of that Member State, or in a territory with which Ireland has a double taxation treaty under the terms of that treaty, and is not resident for tax purposes in Ireland; or
- (ii) the interest is paid in the ordinary course of business of the Issuer and the Noteholder is a company resident for tax purposes in a Member State of the EU or in a country with which Ireland has a double taxation treaty; or
- (iii) the Noteholder is resident in a double taxation treaty country and under the provisions of the relevant treaty with Ireland such person is exempt from Irish income tax on the interest; or
- (v) the interest is paid by the Issuer in the course of carrying on relevant trading operations within the meaning of section 446 Taxes Consolidation Act 1997 (as UCI Ireland's operations are) and the interest is paid before 31st December, 2005. For interest paid by UCI Ireland after 31st December, 2005 this exemption for Irish income tax will continue to apply provided the Notes were issued before 31st December, 2005 on terms which oblige UCI Ireland to redeem the Notes within a period of 15 years from the date of issue.

In all other instances a liability to Irish income tax arises but it has been the practice of the Irish Revenue Commissioners not to seek to collect this liability from non-resident persons unless the recipient of the interest has a connection with Ireland such as a claim for repayment of Irish tax deducted at source. Corporate holders who carry on a trade in Ireland through a branch or agency may be liable to Irish corporation tax where the Note is held in connection with the trade.

**Capital Gains Tax**

A holder of the Notes who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held will not be liable to capital gains tax on the disposal of the Notes (including redemptions for cash or by way of exchange for shares).

**Stamp Duty**

No stamp duty will be payable on the issue of the Notes provided such Notes do not represent a charge or incumbrance on property situated in Ireland. No stamp duty will be payable on the transfer of the Notes by delivery. In the event of a written transfer of Notes no stamp duty is chargeable provided that the Notes:

- (i) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such right;
- (ii) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
- (iii) are redeemable within 30 years of the date of issue and not thereafter;
- (iv) are issued for a price which is not less than 90 per cent. of their nominal value (thus bonds issued at a discount may not qualify for this exemption); and
- (v) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to the Notes.

**Capital Acquisitions Tax**

A gift or inheritance of the Notes will be within the charge to Irish capital acquisitions tax if at the date the gift or inheritance is made:

- the person making the gift or inheritance of the Notes (the disponer) is resident or ordinarily resident in Ireland; or
- the person receiving the Notes (the beneficiary) is resident or ordinarily resident in Ireland; or
- the Notes are regarded as Irish property.

Foreign domiciled disponers and beneficiaries will not be regarded as resident or ordinarily resident in respect of benefits taken before 1st December, 2004. On or after 1st December, 2004, foreign domiciled individuals will be regarded as resident or ordinarily resident if they were resident in Ireland for the five consecutive years of assessment immediately preceding the year of assessment in which the gift or inheritance was taken.

The Notes (for so long as they remain in bearer form) will not be regarded as situated in Ireland unless they are physically located in Ireland or, if registered, there is a register of such Notes in Ireland.

**TAXATION IN LUXEMBOURG**

The following is a summary of Luxembourg taxation law existing as at the date of the Offering Circular insofar as it relates to Notes issued by UCI Luxembourg. The summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

**Taxation of Noteholders****Withholding tax**

Under Luxembourg tax laws currently in effect, there is no withholding tax for resident and nonresident Noteholders on payment of principal, premium or interest, nor on accrued but unpaid interest, in respect of the Notes, nor is any Luxembourg withholding tax on payments received upon redemption, repurchase or exchange of the Notes.

**Income deriving from the Notes***Non Luxembourg resident Noteholders*

Noteholders who are non-residents of Luxembourg and who do not hold the Notes through a permanent establishment in Luxembourg are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes, or realise capital gains on the sale of the Notes.

*Luxembourg resident Noteholders*

Noteholders will not become resident, or be deemed to be resident in Luxembourg by reason only of the holding of the Notes.

Noteholders who are resident of Luxembourg for tax purposes or who are non-resident but who have a permanent establishment or a fixed place of business in Luxembourg to which the Notes are attributable, are subject to Luxembourg income tax in respect of the interest received or accrued on the Notes. Noteholders are not liable for any Luxembourg income tax on repayment of principal.

*Luxembourg resident individual Noteholders*

Under Luxembourg domestic tax law, gains realised by an individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided this sale or disposal took place six months after the acquisition of the Notes. An individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his taxable income.

Gains realised by a corporate Noteholder or by an individual Noteholder, who acts in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal, in any form whatsoever, of the Notes are subject to Luxembourg income tax.

*Luxembourg resident companies*

Luxembourg resident companies (*sociétés de capitaux*), holding Notes, or foreign entities of the same type who have a permanent establishment in Luxembourg to which the Notes are attributable, must include in their taxable income the difference between the sale, repurchase, redemption or exchange price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold, repurchased, redeemed or exchanged.

*Luxembourg resident companies — special regimes*

A Luxembourg resident Noteholder that is governed by any of the following: (i) the law of 31st July, 1929 on pure holding companies; and (ii) the laws of 30th March, 1988, 19th July, 1991 and of 20th December, 2002 on undertakings for collective investment, will, under certain conditions, not be subject to any Luxembourg income tax in respect of interest received or accrued on the Notes, or on gains realised on the sale or disposal of the Notes.

**Net Wealth Tax**

Luxembourg net wealth tax will not be levied on a Noteholder, unless (i) such Noteholder is an individual Luxembourg resident or (ii) such Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg or through a permanent establishment of a nonresident company in Luxembourg. In such a case, the Noteholder must take the Notes into account for the purposes of Luxembourg wealth tax, except, under certain circumstances, if the Noteholder is governed by any of the following: (i) the act dated 31st July, 1929 on pure holding companies; (ii) the acts dated 30th March, 1988, 19th July, 1991 and of 20th December, 2002 on undertakings for collective investment; (iii) the act dated 22 March 2004 on securitisation; and (iv) the act dated 15th June, 2004 on the investment company in risk capital.

**Stamp Taxes and Transfer Taxes**

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes.

**Inheritance and Gift Taxes**

No estate or inheritance tax is levied on the transfer of Notes upon the death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of Notes if the gift is not passed in front of a Luxembourg notary or recorded in a deed registered in Luxembourg. Where a Noteholder is a resident for tax purposes of Luxembourg at the time of his death, the Notes are included in its taxable estate for inheritance tax or estate tax purposes.

**EU SAVINGS DIRECTIVE**

On 3rd June, 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1st July, 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; except that, for a transitional period, Austria, Belgium and Luxembourg shall instead be required (unless during that period they elect to provide the information described above) to apply a withholding system in relation to such payments, deducting tax at rates rising over time from 15 per cent. to 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

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## Subscription and Sale and Transfer and Selling Restrictions

The Dealers have, in an Amended and Restated Programme Agreement dated 20th December, 2004 (such programme agreement as amended and/or supplemented and/or restated from time to time, the “**Programme Agreement**”), agreed with the Issuers and (in the case of Guaranteed Notes) the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Parent has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and each Issuer has agreed to reimburse the Dealers for certain expenses in connection with the issue by the relevant Issuer of Notes under the Programme and, in each case, to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time and shall be in compliance with all relevant laws, regulations and rules. Under UK laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Pricing Supplement and only for a period of 30 days following the Issue Date of the relevant Tranche of Notes.

### **TRANSFER RESTRICTIONS**

*As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.*

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will have been deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (c) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only (a) to the relevant Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside



the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of all the Notes of the Tranche of which such Notes form part), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Form of the Notes*”.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the Offering Circular and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Offering Circular and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (iv) that the Institutional Accredited Investor is an “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts’ investment for an indefinite period of time;
- (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

**SELLING RESTRICTIONS****United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“**Regulation S Notes**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the relevant Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

**United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in

acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

- (ii) in relation to any Notes issued by UCI Ireland and UCI Luxembourg having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell such Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which Section 21(1) of the FSMA (a) (where the Issuer is UCI Luxembourg) does not apply to the Issuer or (where the Issuer is UCI Ireland) would not apply to the Issuer if it was not an authorised person or would not apply to the Guarantor if it was not an authorised person, or (b) (where the Issuer is UniCredito) would not apply to the Issuer if it was not an authorised person; and
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

**Republic of Italy**

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, each of the Dealers has represented and agreed, and each further Dealer will be required to represent and agree, that no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to professional investors (“*operatori qualificati*”), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the “**Financial Services Act**”) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

Each of the Dealers has represented and agreed, and each further Dealer will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the “**Banking Act**”), as amended;
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (c) in accordance with any other applicable laws and regulations.

**Ireland**

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to further represent and agree) that:

- (a) in respect of Notes issued by UCI Ireland which are not listed on a stock exchange and which have a minimum maturity of two years, it will not knowingly offer to sell such Notes to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to

be distributed in Ireland any offering material in connection with such Notes. In addition, such Notes must be cleared through Euroclear, Clearstream International SA, or Depository Trust Company (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners) and have a minimum denomination of €500,000 or its equivalent at date of issuance;

- (b) in respect of Notes issued by UCI Ireland which are not listed on a stock exchange and which mature within two years, such Notes must have a minimum denomination of €500,000 or US\$500,000 or, in the case of Notes which are denominated in a currency other than euro or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the Offering Circular);
- (c) otherwise than in circumstances which do not constitute an offer to the public in Ireland or elsewhere within the meaning of the Irish Companies Acts 1963 to 2003, it will not offer or sell any Notes in Ireland or elsewhere by means of any document or other means of visual reproduction unless:
  - (i) such Notes have a maximum maturity of five years from the date of issue and such offer or sale is made only to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or
  - (ii) if such Notes are to be listed on the Official List of the Irish Stock Exchange, the offer or sale is only effected by means of the Offering Circular or any other document comprising listing particulars relating to the Notes, prepared in accordance with the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland and approved by the Irish Stock Exchange and in each case accompanied by an application form for Notes or by means of a document, accompanied by such an application form, in each case where such application form indicates where the Offering Circular (or such other document as aforesaid) may be obtained or inspected;
- (d) it will not make in Ireland an offer of Notes to which the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland would apply, except in accordance with the provisions of those regulations;
- (e) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (f) in the case of a Dealer acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EC of 10th May, 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Act, 1995 of Ireland (as amended) and, in the case of a Dealer acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20th March, 2000 (as amended or extended), it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and
- (g) in respect of an offer of the Notes to the public in Ireland or elsewhere within the meaning of the Irish Companies Acts 1963 to 2003, it will comply with the requirements of the sections 56 and 57 of the Irish Companies Act, 1963.

Each Dealer has further represented and agreed (and each further Dealer under the Programme will be required to represent and agree) that, in respect of Notes to be issued by UCI Ireland, which are to be listed on any stock exchange, it has not offered or sold and will not offer or sell any Notes to persons prior to admission of the Notes to listing except in accordance with sub-paragraph (c) (i) of this section above or otherwise in circumstances which have not and will not result in an offer to the public within the meaning of the Irish Companies Acts 1963 to 2003.

**Luxembourg**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and, neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, or from or published in, except for the purpose of the listing of the Notes on the Luxembourg Stock Exchange and



except in circumstances where the Luxembourg legal requirements for public offerings of securities have first been met.

**Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

**France**

Each of the Dealers, the Issuers and (in the case of Guaranteed Notes) the Guarantor has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, the Offering Circular or any other offering material relating to Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) and/or (ii) a restricted group of investors (*cercle restreint d’investisseurs*), acting for their own account, as defined in, and in accordance with, Articles L.411-1 and L.411-2 of the Code Monétaire and Financier and décret no. 98-880 dated 1st October, 1998.

**The Netherlands**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Notes with a denomination of less than €50,000 (or its foreign currency equivalent), and that neither this Offering Circular nor any other document relating to Notes has been or will be distributed or circulated in The Netherlands, other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) unless one of the other exemptions from or exceptions to the prohibition contained in article 3 of the Dutch Securities Transactions Supervision Act 1995 (“*Wet toezicht effectenverkeer 1995*”) is applicable and the conditions attached to such exemption or exception are complied with.

**General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.



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## General Information

### **AUTHORISATION**

The establishment of the Programme and the issue of Notes (and, in the case of the Guarantor, the giving of the Guarantee) have been duly authorised by resolutions of the Board of Directors of UniCredito dated 2nd May, 2000, the Board of Directors of UCI Ireland dated 9th November, 2000 and the Board of Directors of UCI Luxembourg dated 16th December, 2004. The increase of the aggregate nominal amount of the Programme from €5,000,000,000 to €10,000,000,000 was duly authorised by resolutions of the Board of Directors of UniCredito dated 19th December, 2002 and the Board of Directors of UCI Ireland dated 19th December, 2002. The increase of the aggregate nominal amount of the Programme from €10,000,000,000 to €25,000,000,000 was duly authorised by resolutions of the Board of Directors of UniCredito dated 18th December, 2003 and the Board of Directors of UCI Ireland dated 18th December, 2003. The increase of the aggregate nominal amount of the Programme from €25,000,000,000 to €50,000,000,000 and, in the case of the Guarantor, the giving of the Guarantee was duly authorised by resolution of the Board of Directors of UniCredito dated 16th December, 2004 and the Board of Directors of UCI Ireland dated 17th December, 2004.

### **LISTING OF NOTES ON THE LUXEMBOURG STOCK EXCHANGE AND THE IRISH STOCK EXCHANGE**

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. A legal notice (*notice légale*) relating to the Programme is being filed with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) where such legal notice as well as the articles of incorporation of UCI Luxembourg may be examined and copies obtained. The Luxembourg Stock Exchange has allocated the number 12467 to the Programme for listing purposes. Application has also been made by UCI Ireland to the Irish Stock Exchange for Notes issued by UCI Ireland under the Programme during the period of twelve months after the date hereof to be admitted to the Official List of the Irish Stock Exchange.

### **DOCUMENTS AVAILABLE**

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the relevant Issuer and from the specified office of the Paying Agent for the time being in Luxembourg and Dublin:

- (i) the constitutional documents (with an English translation where applicable) of each of the Issuers;
- (ii) the consolidated audited financial statements of UniCredito in respect of the financial years ended 31st December, 2002 and 2003 (with an English translation thereof) and the audited unconsolidated financial statements of UCI Ireland in respect of the financial years ended 31st December, 2002 and 2003. Each of the Issuers currently prepares audited accounts on an annual basis;
- (iii) the most recently published audited consolidated annual financial statements of UniCredito and the most recently published unaudited interim accounts of UniCredito (in each case with an English translation thereof where applicable). UniCredito currently prepares unaudited consolidated interim accounts on a quarterly basis;
- (iv) the most recently published audited unconsolidated annual financial statements and unaudited unconsolidated interim financial statements of UCI Ireland. UCI Ireland currently prepares unaudited unconsolidated interim accounts on a semi-annual basis;
- (v) the most recently published audited unconsolidated annual financial statements and unaudited unconsolidated interim financial statements of UCI Luxembourg;
- (vi) the Programme Agreement, the Agency Agreement, the Trust Deed, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (vii) a copy of this Offering Circular;
- (viii) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant

Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and

- (ix) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

### **CLEARING SYSTEMS**

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

### **SIGNIFICANT OR MATERIAL CHANGE**

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of any of the Issuers, the Guarantor or the Parent and its subsidiaries taken as a whole (the “Group”) since 30th June, 2004 (or, in the case of UCI Luxembourg, the date of its incorporation) and there has been no material adverse change in the financial position or prospects of any of the Issuers or the Group since 31st December, 2003 (or, in the case of UCI Luxembourg, the date of its incorporation).

### **LITIGATION**

None of the Issuers or the Guarantor nor any other member of the Group is or has been involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the relevant Issuer or the Guarantor is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the relevant Issuer, the Guarantor or the Group.

### **INVOLUNTARY DISPOSSESSION UNDER LUXEMBOURG LAW**

If UCI Luxembourg issues Notes in bearer form, the Luxembourg act dated 3rd September, 1996 on the involuntary dispossession of bearer securities, as amended, requires that any amount that is payable under the Notes (if any) before opposition (if applicable) in relation to the Notes has been filed but not yet been paid to the holder of the Notes is paid to the *Caisse de Consignation* in Luxembourg until the opposition has been withdrawn or has elapsed.

### **AUDITORS**

The annual consolidated financial statements of UniCredito for the two financial years ended 31st December, 2002 and 31st December, 2003 have been audited by PricewaterhouseCoopers S.p.A., Via Vittor Pisani 20, 20124 Milan. The auditors’ reports on such financial statements were unqualified.

PricewaterhouseCoopers, auditors to UniCredito, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of figures expressed to be audited by them and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

The annual financial statements of UCI Ireland for the two financial years ended 31st December, 2002 and 31st December, 2003 have been audited by PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, Wilton Place, Dublin 2, Ireland. The auditors’ reports on such financial statements were unqualified.

PricewaterhouseCoopers, Dublin, Ireland auditors to UCI Ireland, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of its audit report for the year ended 31st December, 2003 and the figures expressed to be audited by them and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

UCI Luxembourg has appointed KPMG Luxembourg as its external auditor (*réviseur d'entreprise*) who will audit the annual accounts of UCI Luxembourg.

**APPLICATION FORM/APPENDIX**

This Offering Circular includes as an Appendix a form of application for Notes solely to comply with certain Irish legal requirements. It is not necessary for potential purchasers to complete the application form to apply for Notes. Neither the Issuer nor the Dealers will be bound in any way whatsoever to issue or sell any Notes to any person who completes or returns such application form.

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## Appendix One

UNICREDITO ITALIANO BANK (IRELAND) p.l.c.

### APPLICATION FORM

THIS APPLICATION FORM IS ISSUED WITH THIS OFFERING CIRCULAR SOLELY TO COMPLY WITH THE REQUIREMENTS OF THE EUROPEAN COMMUNITIES (STOCK EXCHANGE) REGULATIONS, 1984 OF IRELAND. IF YOU HAVE ALREADY MADE YOUR APPLICATION FOR NOTES OF UNICREDITO ITALIANO BANK (IRELAND) p.l.c. OR IF YOU HAVE ALREADY RECEIVED A CONFIRMATION OF YOUR PURCHASE OF NOTES OF UNICREDITO ITALIANO BANK (IRELAND) p.l.c. YOU SHOULD NOT TAKE ANY ACTION WITH REGARD TO THIS APPLICATION FORM.

NEITHER UNICREDITO ITALIANO BANK (IRELAND) p.l.c. NOR ANY DEALER SHALL BE BOUND IN ANY WAY WHATSOEVER TO ISSUE OR SELL ANY NOTE OF UNICREDITO ITALIANO BANK (IRELAND) p.l.c. TO ANY PERSON WHO COMPLETES AND RETURNS THIS FORM.

To:\*

\* Insert Name of Dealer

I/We offer to purchase Notes of UniCredito Italiano Bank (Ireland) p.l.c. on and subject to the terms and conditions contained in this Offering Circular.

.....

MR MRS MISS OR TITLE                      FORENAME(S) (IN FULL)

.....

SURNAME

.....

ADDRESS (IN FULL)

.....

Any joint applicants should complete the following details:

.....

MR MRS MISS OR TITLE	MR MRS MISS OR TITLE	MR MRS MISS OR TITLE
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.....	.....	.....
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FORENAME(S) (IN FULL)	FORENAME(S) (IN FULL)	FORENAME(S) (IN FULL)
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SURNAME	SURNAME	SURNAME
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ADDRESS (IN FULL)	ADDRESS (IN FULL)	ADDRESS (IN FULL)
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SIGNATURE	SIGNATURE	SIGNATURE
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*\* Listing Particulars relating to Notes of UniCredito Italiano Bank (Ireland) p.l.c. have been prepared, and have been approved by the Irish Stock Exchange Limited in accordance with European Communities (Stock Exchange) Regulations, 1984 of Ireland. Copies of such Listing Particulars can be inspected at or obtained from the registered office of UniCredito Italiano Bank (Ireland) p.l.c.*

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## Appendix Two

### FINANCIAL STATEMENTS IN RESPECT OF THE ISSUERS

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# Introduction

The consolidated accounts for 2003 were prepared on the basis of the provisions of Legislative Decree No. 87 of 27 January 1992 enacted to implement EEC Directive 86/635 and the instructions issued by the Bank of Italy under Order No. 100 of 15 July 1992 and subsequent revisions.

## Contents

In addition to the report on operations already provided, the consolidated accounts for the year consist of the consolidated accounts tables, the notes to the consolidated accounts and the annexes to the consolidated accounts, as described below:

## Consolidated Accounts

Statements that also include restated figures as at 31 December 2002 (see comparison with the corresponding previous period).

- Balance Sheet
- Profit and Loss Account

Determination of the restated figures as at 31 December 2002

- Balance Sheet
- Profit and Loss Account

## Notes to the Consolidated Accounts

The notes to the consolidated accounts – which are presented on a comparative basis, as were the account tables – also include the figures as at 31 December 2002, as well as those regarding the restated situation.

### *Scope of Consolidation*

- Scope of consolidation
- Consolidation policies and principles
- Change in scope of consolidation

### *Part A - Accounting Principles*

### *Part B - Notes to the Balance Sheet*

### *Part C - Notes to the Profit and Loss Account*

### *Part D - Other Information*

## Annexes

Reconciliation between the Parent Company's net income and shareholders' equity and Group net income and shareholders' equity

Statement of Significant Equity Investments (pursuant to Article 126 of Consob Regulation No. 11.971 of 14 May 1999).



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## **Form**

Unless otherwise indicated, the amounts in the balance sheet and profit and loss account, as well as in the tables providing details, are stated in € thousands.

## **Comparison with the corresponding previous period**

To allow a meaningful comparison with the figures as at 31 December 2003, in accordance with the consistency principle, the consolidated Accounts as at 31 December 2002 have been restated by taking into account the most significant changes in the scope of consolidation which have affected shareholders' equity and financial results, i.e. the inclusion of:

- The Koç Finansal Hizmetler Group, joint ownership of which was acquired towards the end of the 2002 (in December the Group, which had just been acquired, was consolidated at net equity);
- Zivnostenska Banka, consolidated on a line-by-line basis since June 2003.

The method adopted for the restatement of the accounts involved the addition and/or elimination of the amounts from the accounts of the companies in question, while leaving unchanged Group amounts regarding net profit and shareholders' equity as at the reference date.

Regarding the acquisition of ING Sviluppo Finanziaria SpA, which was completed on 1 December 2003, taking into account that the consolidation of the profit and loss account only began on 1 December, the meaningfulness of the data does not justify a similar treatment.

Finally, it should be noted that the restatement of balance sheet and profit and loss figures to improve comparability was not audited.

## **Other Information**

The consolidated accounts as at 31 December 2003, as well as the accounts of the Parent Company, were audited by our external auditors, PricewaterhouseCoopers (PwC).

The consolidated accounts, including the auditor's report, and the company accounts, accompanied by the Reports of the Statutory Auditors and the external auditor, must by law be kept on file at the Registered Office. The summary statements showing the essential figures for the most recent accounts of subsidiaries included in consolidation and those of affiliates must also be kept on file.

Finally, it should be noted that the company prepared and published, in accordance with the law and as required by CONSOB, the Report as at 30 June 2003, which was the subject of a limited audit, and the consolidated quarterly reports as at 31 March and 30 September 2003.

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# Introduction

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- Profit and Loss Account

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### *Scope of Consolidation*

- Scope of consolidation
- Consolidation policies and principles
- Change in scope of consolidation

### *Part A - Accounting Principles*

### *Part B - Notes to the Balance Sheet*

### *Part C - Notes to the Profit and Loss Account*

### *Part D - Other Information*

## Annexes

Reconciliation between the Parent Company's net income and shareholders' equity and Group net income and shareholders' equity

Statement of Significant Equity Investments (pursuant to Article 126 of Consob Regulation No. 11.971 of 14 May 1999).

# Consolidated Balance Sheet

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>Assets</b>			
10. Cash and deposits with central banks and post offices	1,952,396	1,648,726	1,609,848
20. Treasury notes and similar securities eligible for refinancing at central banks	2,054,001	2,773,043	2,773,043
30. Loans to banks:	32,783,258	29,480,297	28,098,561
a) on demand	2,039,916	3,050,635	2,998,524
b) other loans	30,743,342	26,429,662	25,100,037
40. Loans to customers	126,709,237	115,440,057	113,824,110
of which:			
- loans with deposits received in administration	138,662	139,738	139,738
50. Bonds and other debt securities:	25,348,504	26,837,110	26,140,725
a) of government issuers	15,264,363	16,829,577	16,279,948
b) of banks	5,659,796	6,234,296	6,123,083
of which:			
- own securities	10,533	18,633	18,633
c) of financial institutions	3,111,978	2,688,760	2,673,007
of which:			
- own securities	-	-	-
d) from other issuers	1,312,367	1,084,477	1,064,687
60. Shares, interests and other equity securities	2,124,084	1,519,373	1,516,070
70. Equity investments	3,367,224	2,072,115	2,252,597
a) valued at net equity	594,484	465,013	647,525
b) other	2,772,740	1,607,102	1,605,072
80. Equity investments in Group companies	137,242	151,528	151,528
a) valued at net equity	127,693	135,084	135,084
b) other	9,549	16,444	16,444
90. Positive consolidation differences	1,229,299	1,017,274	961,888
100. Positive net equity differences	2,907	1,380	56,766
110. Intangible fixed assets	1,167,290	1,264,150	1,255,688
of which:			
- start-up costs	2,064	2,886	2,883
- goodwill	770,785	966,854	966,854
120. Tangible fixed assets	3,238,372	3,611,571	3,527,174
150. Other assets	36,124,218	29,187,186	29,119,828
160. Accrued income and prepaid expenses:	2,017,604	2,127,375	2,061,500
a) accrued income	1,454,660	1,719,855	1,663,189
b) prepaid expenses	562,944	407,520	398,311
of which:			
- issue discount on securities	8,753	10,023	10,023
<b>Total assets</b>	<b>238,255,636</b>	<b>217,131,185</b>	<b>213,349,326</b>

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>Liabilities and Shareholders' equity</b>			
<b>10. Due to banks:</b>	<b>44,252,285</b>	<b>32,672,760</b>	<b>31,990,884</b>
a) on demand	2,910,240	2,508,899	2,505,877
b) on term or with notice	41,342,045	30,163,861	29,485,007
<b>20. Due to customers:</b>	<b>97,802,811</b>	<b>96,123,829</b>	<b>93,368,254</b>
a) on demand	62,754,025	61,601,217	60,804,656
b) on term or with notice	35,048,786	34,522,612	32,563,598
<b>30. Securities in issue:</b>	<b>37,297,683</b>	<b>33,176,265</b>	<b>33,173,457</b>
a) bonds	10,839,450	14,873,986	14,873,615
b) certificates of deposit	25,645,472	17,317,982	17,317,982
c) other securities	812,761	984,297	981,860
<b>40. Deposits received in administration</b>	<b>173,344</b>	<b>203,447</b>	<b>203,447</b>
<b>50. Other liabilities</b>	<b>31,841,817</b>	<b>27,594,642</b>	<b>27,553,355</b>
<b>60. Accrued liabilities and deferred income:</b>	<b>1,749,273</b>	<b>1,821,876</b>	<b>1,779,423</b>
a) accrued liabilities	1,336,777	1,524,475	1,495,493
b) deferred income	412,496	297,401	283,930
<b>70. Reserve for employee severance pay</b>	<b>993,624</b>	<b>962,158</b>	<b>960,897</b>
<b>80. Reserves for risks and charges:</b>	<b>3,836,482</b>	<b>3,759,197</b>	<b>3,640,543</b>
a) reserve for pensions and similar obligations	520,513	538,305	538,266
b) taxation reserve	1,984,233	2,249,976	2,229,812
c) consolidation reserve for future risks and charges	3,886	3,886	3,886
d) other reserves	1,327,850	967,030	868,579
<b>90. Loan loss reserves</b>	<b>69,163</b>	<b>111,141</b>	<b>93,791</b>
<b>100. Fund for general banking risks</b>	<b>133,260</b>	<b>137,361</b>	<b>137,361</b>
<b>110. Subordinated debt</b>	<b>6,189,574</b>	<b>7,120,147</b>	<b>7,088,478</b>
<b>120. Negative consolidation differences</b>	<b>51,620</b>	<b>51,888</b>	<b>51,888</b>
<b>130. Negative net equity differences</b>	<b>12,425</b>	<b>12,418</b>	<b>12,418</b>
<b>140. Minority portion of shareholders' equity (+/-)</b>	<b>+972,978</b>	<b>+1,260,524</b>	<b>+1,171,598</b>
<b>150. Capital</b>	<b>3,158,168</b>	<b>3,148,070</b>	<b>3,148,070</b>
<b>160. Share premium reserve</b>	<b>3,308,639</b>	<b>3,308,639</b>	<b>3,308,639</b>
<b>170. Reserves:</b>	<b>4,166,693</b>	<b>3,560,240</b>	<b>3,560,240</b>
a) legal reserve	508,136	368,367	368,367
c) statutory reserves	1,015,472	771,601	771,601
d) other reserves	2,643,085	2,420,272	2,420,272
<b>180. Revaluation reserves</b>	<b>285,217</b>	<b>305,343</b>	<b>305,343</b>
<b>190. Retained earnings</b>	<b>-</b>	<b>98</b>	<b>98</b>
<b>200. Net profit</b>	<b>1,960,580</b>	<b>1,801,142</b>	<b>1,801,142</b>
<b>Total liabilities and shareholders' equity</b>	<b>238,255,636</b>	<b>217,131,185</b>	<b>213,349,326</b>
<b>Guarantees and Commitments</b>			
<b>10. Guarantees given</b>	<b>12,268,915</b>	<b>12,498,270</b>	<b>12,367,572</b>
<i>of which:</i>			
- acceptances	36,875	80,018	51,890
- other guarantees	12,232,040	12,418,252	12,315,682
<b>20. Commitments</b>	<b>22,326,036</b>	<b>24,052,153</b>	<b>23,738,305</b>
<i>of which:</i>			
- for sales with repurchase obligation	-	-	-

Managing Director/CEO  
PROFUMO

Chief Accountant  
LECCACORVI

# Consolidated Profit and Loss Account

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
10. Interest income and similar revenues	9,541,310	10,336,044	9,926,722
<i>of which:</i>			
- on loans to customers	6,703,622	7,486,136	7,293,915
- on debt securities	1,999,663	1,787,077	1,660,660
20. Interest expense and similar charges	4,746,808	5,262,118	5,015,538
<i>of which:</i>			
- on amounts due to customers	1,427,753	2,162,961	1,955,261
- on securities in issue	827,537	1,011,172	1,011,085
30. Dividends and other revenues:	286,185	230,680	230,604
a) on shares, interests and other equity securities	228,299	191,947	191,947
b) on equity investments	57,886	38,733	38,657
c) on equity investments in Group companies	-	-	-
40. Commission income	3,877,743	3,780,496	3,719,968
50. Commission expense	561,586	556,180	530,340
60. Trading profit (loss)	1,287,537	1,057,264	1,049,345
70. Other operating income	986,099	992,959	988,849
80. Administrative expenses:	5,216,544	5,133,846	5,022,570
a) payroll costs	3,280,810	3,188,372	3,159,658
<i>of which:</i>			
- wages and salaries	2,367,316	2,283,528	2,246,909
- social security contributions	613,612	598,552	592,173
- severance pay	141,962	139,826	139,118
- pensions and similar benefits	97,115	98,363	98,151
b) other administrative expenses	1,935,734	1,945,474	1,862,912
90. Writedowns of intangible and tangible fixed assets	749,745	724,649	704,568
100. Provisions for risks and charges	230,293	164,041	163,690
110. Other operating expenses	212,705	281,107	256,228
120. Writedowns of loans and provisions for guarantees and commitments	1,489,225	1,528,778	1,489,302
130. Write-backs of loans and provisions for guarantees and commitments	531,946	511,757	510,032
140. Provisions to loan loss reserves	43,931	9,767	9,767
150. Writedowns of financial investments	30,158	312,923	311,855
160. Write-backs of financial investments	19,806	17,246	17,246
170. Income from equity investments valued at net equity	6,994	-14,336	-14,336
<b>180. Profit before extraordinary items and income tax</b>	<b>3,256,625</b>	<b>2,938,701</b>	<b>2,924,572</b>
190. Extraordinary income	448,079	611,332	603,592
200. Extraordinary charges	233,480	246,113	245,055
<b>210. Extraordinary income – net</b>	<b>214,599</b>	<b>365,219</b>	<b>358,537</b>
230. Change in fund for general banking risks	-3,841	+3,836	+3,836
240. Income tax for the year	1,385,620	1,332,577	1,316,923
250. Minorities	128,865	166,365	161,208
<b>260. Net profit</b>	<b>1,960,580</b>	<b>1,801,142</b>	<b>1,801,142</b>

Managing Director/CEO  
PROFUMO

Chief Accountant  
LECCACORVI

# Consolidated Balance Sheet as at 31 December 2002

Reclassification due to modified scope of consolidation

€ '000

	AMOUNTS AS AT 31.12.2002 HISTORICAL	CHANGE IN SCOPE OF CONSOLIDATION	AMOUNTS AS AT 31.12.2002 RESTATED
<b>Assets</b>			
10. Cash and deposits with central banks and post offices	1,609,848	38,878	1,648,726
20. Treasury notes and similar securities eligible for refinancing at central banks	2,773,043	-	2,773,043
30. Loans to banks:	28,098,561	1,381,736	29,480,297
a) on demand	2,998,524	52,111	3,050,635
b) other loans	25,100,037	1,329,625	26,429,662
40. Loans to customers	113,824,110	1,615,947	115,440,057
of which:			
- loans with deposits received in administration	139,738	-	139,738
50. Bonds and other debt securities:	26,140,725	696,385	26,837,110
a) of government issuers	16,279,948	549,629	16,829,577
b) of banks	6,123,083	111,213	6,234,296
of which:			
- own securities	18,633	-	18,633
c) of financial institutions	2,673,007	15,753	2,688,760
of which:			
- own securities	-	-	-
d) of other issuers	1,064,687	19,790	1,084,477
60. Shares, interests and other equity securities	1,516,070	3,303	1,519,373
70. Equity investments	2,252,597	-180,482	2,072,115
a) valued at net equity	647,525	-182,512	465,013
b) other	1,605,072	2,030	1,607,102
80. Equity investments in Group companies	151,528	-	151,528
a) valued at net equity	135,084	-	135,084
b) other	16,444	-	16,444
90. Positive consolidation differences	961,888	55,386	1,017,274
100. Positive net equity differences	56,766	-55,386	1,380
110. Intangible fixed assets	1,255,688	8,462	1,264,150
of which:			
- start-up costs	2,883	3	2,886
- goodwill	966,854	-	966,854
120. Tangible fixed assets	3,527,174	84,397	3,611,571
150. Other assets	29,119,828	67,358	29,187,186
160. Accrued income and prepaid expenses:	2,061,500	65,875	2,127,375
a) accrued income	1,663,189	56,666	1,719,855
b) prepaid expenses	398,311	9,209	407,520
of which:			
- issue discount on securities	10,023	-	10,023
<b>Total assets</b>	<b>213,349,326</b>	<b>3,781,859</b>	<b>217,131,185</b>



€ '000

	AMOUNTS AS AT 31.12.2002 HISTORICAL	CHANGE IN SCOPE OF CONSOLIDATION	AMOUNTS AS AT 31.12.2002 RESTATED
<b>Liabilities and shareholders' equity</b>			
<b>10. Due to banks:</b>	<b>31,990,884</b>	<b>681,876</b>	<b>32,672,760</b>
a) on demand	2,505,877	3,022	2,508,899
b) on term or with notice	29,485,007	678,854	30,163,861
<b>20. Due to customers:</b>	<b>93,368,254</b>	<b>2,755,575</b>	<b>96,123,829</b>
a) on demand	60,804,656	796,561	61,601,217
b) on term or with notice	32,563,598	1,959,014	34,522,612
<b>30. Securities in issue:</b>	<b>33,173,457</b>	<b>2,808</b>	<b>33,176,265</b>
a) bonds	14,873,615	371	14,873,986
b) certificates of deposit	17,317,982	-	17,317,982
c) other securities	981,860	2,437	984,297
<b>40. Deposits received in administration</b>	<b>203,447</b>	<b>-</b>	<b>203,447</b>
<b>50. Other liabilities</b>	<b>27,553,355</b>	<b>41,287</b>	<b>27,594,642</b>
<b>60. Accrued liabilities and deferred income:</b>	<b>1,779,423</b>	<b>42,453</b>	<b>1,821,876</b>
a) accrued liabilities	1,495,493	28,982	1,524,475
b) deferred income	283,930	13,471	297,401
<b>70. Reserve for employee severance pay</b>	<b>960,897</b>	<b>1,261</b>	<b>962,158</b>
<b>80. Reserves for risks and charges:</b>	<b>3,640,543</b>	<b>118,654</b>	<b>3,759,197</b>
a) reserve for pensions and similar obligations	538,266	39	538,305
b) taxation reserve	2,229,812	20,164	2,249,976
c) consolidation reserve for future risks and charges	3,886	-	3,886
d) other reserves	868,579	98,451	967,030
<b>90. Loan loss reserves</b>	<b>93,791</b>	<b>17,350</b>	<b>111,141</b>
<b>100. Fund for general banking risks</b>	<b>137,361</b>	<b>-</b>	<b>137,361</b>
<b>110. Subordinated debt</b>	<b>7,088,478</b>	<b>31,669</b>	<b>7,120,147</b>
<b>120. Negative consolidation differences</b>	<b>51,888</b>	<b>-</b>	<b>51,888</b>
<b>130. Negative net equity differences</b>	<b>12,418</b>	<b>-</b>	<b>12,418</b>
<b>140. Minority portion of shareholders' equity (+/-)</b>	<b>+1,171,598</b>	<b>+88,926</b>	<b>+1,260,524</b>
<b>150. Capital</b>	<b>3,148,070</b>	<b>-</b>	<b>3,148,070</b>
<b>160. Share premium reserve</b>	<b>3,308,639</b>	<b>-</b>	<b>3,308,639</b>
<b>170. Reserves:</b>	<b>3,560,240</b>	<b>-</b>	<b>3,560,240</b>
a) legal reserve	368,367	-	368,367
c) statutory reserves	771,601	-	771,601
d) other reserves	2,420,272	-	2,420,272
<b>180. Revaluation reserves</b>	<b>305,343</b>	<b>-</b>	<b>305,343</b>
<b>190. Retained earnings</b>	<b>98</b>	<b>-</b>	<b>98</b>
<b>200. Net profit</b>	<b>1,801,142</b>	<b>-</b>	<b>1,801,142</b>
<b>Total liabilities and shareholders' equity</b>	<b>213,349,326</b>	<b>3,781,859</b>	<b>217,131,185</b>

<b>Guarantees and Commitments</b>			
<b>10. Guarantees given</b>	<b>12,367,572</b>	<b>130,698</b>	<b>12,498,270</b>
<i>of which:</i>			
- acceptances	51,890	28,128	80,018
- other guarantees	12,315,682	102,570	12,418,252
<b>20. Commitments</b>	<b>23,738,305</b>	<b>313,848</b>	<b>24,052,153</b>
<i>of which:</i>			
- for sales with repurchase obligation	-	-	-

# Consolidated Profit and Loss Account

## as at 31 December 2002

Reclassification due to modified scope of consolidation

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	2002 HISTORICAL	CHANGE IN SCOPE OF CONSOLIDATION	2002 RESTATED
10. Interest income and similar revenues	9,926,722	409,322	10,336,044
<i>of which:</i>			
- on loans to customers	7,293,915	192,221	7,486,136
- on debt securities	1,660,660	126,417	1,787,077
20. Interest expense and similar charges	5,015,538	246,580	5,262,118
<i>of which:</i>			
- on amounts due to customers	1,955,261	207,700	2,162,961
- on securities in issue	1,011,085	87	1,011,172
30. Dividends and other revenues:	230,604	76	230,680
a) on shares, interests and other equity securities	191,947	-	191,947
b) on equity investments	38,657	76	38,733
c) on equity investments in Group companies	-	-	-
40. Commission income	3,719,968	60,528	3,780,496
50. Commission expense	530,340	25,840	556,180
60. Trading profit (loss)	1,049,345	7,919	1,057,264
70. Other operating income	988,849	4,110	992,959
80. Administrative expenses:	5,022,570	111,276	5,133,846
a) payroll costs	3,159,658	28,714	3,188,372
<i>of which:</i>			
- wages and salaries	2,246,909	36,619	2,283,528
- social security contributions	592,173	6,379	598,552
- severance pay	139,118	708	139,826
- pensions and similar benefits	98,151	212	98,363
b) other administrative expenses	1,862,912	82,562	1,945,474
90. Writedowns of intangible and tangible fixed assets	704,568	20,081	724,649
100. Provisions for risks and charges	163,690	351	164,041
110. Other operating expenses	256,228	24,879	281,107
120. Writedowns of loans and provisions for guarantees and commitments	1,489,302	39,476	1,528,778
130. Write-backs to loans and provisions for guarantees and commitments	510,032	1,725	511,757
140. Provisions to loan loss reserves	9,767	-	9,767
150. Writedowns of financial investments	311,855	1,068	312,923
160. Write-backs of financial investments	17,246	-	17,246
170. Income (loss) from equity investments valued at net equity	-14,336	-	-14,336
<b>180. Profit (loss) before extraordinary items and income tax</b>	<b>2,924,572</b>	<b>14,129</b>	<b>2,938,701</b>
190. Extraordinary income	603,592	7,740	611,332
200. Extraordinary charges	245,055	1,058	246,113
<b>210. Extraordinary income (charge) – net</b>	<b>358,537</b>	<b>6,682</b>	<b>365,219</b>
230. Change in fund for general banking risks	+3,836	-	+3,836
240. Income tax for the year	1,316,923	15,654	1,332,577
250. Minorities	161,208	5,157	166,365
<b>260. Net profit</b>	<b>1,801,142</b>	<b>-</b>	<b>1,801,142</b>

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# Scope of Consolidation

## ● Scope of Consolidation

**T**he consolidated report on operations provides combined coverage of the balance sheet, financial condition and operating results as at 31 December 2003 of the UniCredito Italiano Banking Group (Register of Banking Groups, Code No. 3135.1), which includes the Parent Company, companies in which the Parent Company holds a majority of voting rights either directly or indirectly, and companies that are controlled pursuant to provisions of bylaws and shareholder agreements (dominant influence), which operate in the banking and financial sectors, or which carry out, as their exclusive or main business, an activity that is complementary to that of the Group companies.

Consolidation is on a **line-by-line basis** for the accounts of the Parent Company and those companies belonging to the Bank Group, with the exception of:

- companies not operating as at 31.12.2003 (**valued using the equity method**):  
TradingLab Inc., Sviluppo Nord-Ovest S.G.R.p.A., Ot Financial Services Nominees Ltd., Zivnostenska Finance B.V., and Uni IT S.r.l., Centrum Kart S.A., IKB CorporateLab S.A. (newly established companies).
- companies in liquidation (**carried at cost**):  
Auges SpA SIM, Agroinvest FPS a.s.
- companies which, due to their size, are considered irrelevant for the purposes of the clarity of the accounts pursuant to paragraph 1 of Article 29 of Legislative Decree 87/92.  
These include:
  - *companies valued using the equity method*  
UniCredit International Services UNICIIS S.r.l., UniCredit Consulting S.r.l., Ventura Finance SpA, Pekao Financial Services Sp. Zo.o., Trinity Management Sp. Zo.o., Pekao Access Sp.Zo.o., Central Poland Fund Llc, Pioneer Consulting Services S.A., Marketing Zagrebacke Banke d.o.o., Upi Poslovni System d.o.o., Zane BH d.o.o.
  - *companies carried at cost*  
Pracownicy Towarzystwo Emerytalne S.A., Pekao Usługi Korporacyjne S.A. (formerly Pekao/Alliance Capital Management S.A. in liquidation), Zaba d.o.o.

The **proportional consolidation method** was used for the accounts of the Koç Finansal Hizmetler Ltd. Group.

Orbit Asset Management Limited, **which belongs to the Pioneer Group**, was consolidated using the **proportional method**.

The following equity investments are also included in the scope of consolidation:

- those companies under direct and/or indirect or joint control, which engage in businesses other than banking, financial, or ancillary operations;
- those companies in which the direct and/or indirect stake held is between 20 and 50 percent.

These companies are valued using the equity method.

Companies subject to significant influence but small in size, those to be sold or those not operating, which are valued at cost, are excluded from consolidation.

For the complete list of significant equity investments indicating the respective consolidation methods, see section 3.1, "Significant Equity Investments", in the Notes to the Accounts. The list below provides an overview of Group companies:

## 1. Investments consolidated using the line-by-line method

### **Domestic Credit Institutions**

UniCredito Italiano SpA  
 UniCredit Banca SpA  
 UniCredit Banca d'Impresa SpA  
 UniCredit Private Banking SpA  
 UniCredit Banca Mobiliare SpA  
 Banca dell'Umbria 1462 SpA  
 Cassa di Risparmio di Carpi SpA  
 TradingLab Banca SpA  
 UniCredit Banca Mediocredito SpA  
 UniCredito Gestione Crediti SpA  
 UniCredit Banca per la Casa SpA  
 (formerly Adalya Banca Immobiliare SpA)  
 UniCredit Xelion Banca SpA (formerly Xelion Banca SpA)  
 Clarima Banca SpA (now UniCredit Clarima Banca SpA)

### **Domestic Financial Companies**

Cordusio Società Fiduciaria per Azioni  
 CreditRas Previdenza SpA I.M.  
 Locat SpA  
 UniCredit Factoring SpA  
 Uniriscossioni SpA  
 Fida Sim SpA  
 F.R.T. Fiduciaria Risparmio Torino Sim SpA  
 UniCredit Private Asset Management S.G.R.p.A.  
 (formerly Rolo Pioneer S.G.R.p.A.)  
 Bac Fiduciaria SpA  
 Banca Agricola Commerciale della Repubblica  
 di San Marino S.A.  
 Grifofactor SpA  
 S+R Investimenti e Gestioni S.G.R.p.A.  
 Quercia Funding Srl  
 Ing Sviluppo Finanziaria SpA  
 (now Sviluppo Finanziaria SpA)  
 Ing Investment Management Italia S.G.R. SpA (now  
 Pixel Investment Management S.G.R.p.A.)

Ing Sviluppo Fiduciaria SIM SpA  
 (now Sviluppo Fiduciaria SpA)  
 Ing Sviluppo Investimenti SIM SpA  
 (now Sviluppo Investimenti SIMp.A.)

### **Domestic Ancillary Companies**

Quercia Software SpA  
 Trivimm Srl  
 UniCredit Produzioni Accentrate SpA  
 UniCredit Servizi Informativi SpA  
 Cordusio Immobiliare SpA  
 UniCredit Real Estate SpA  
 UniCredit Audit SpA

### **Non-domestic Credit Institutions**

Banque Monegasque de Gestion S.A.  
 UniCredit (Suisse) Bank S.A.  
 UniCredito Italiano Bank (Ireland) Plc  
 Bulbank A.D.  
 Unibanka A.S.  
 Zivnostenska Banka A.S.  
 UniCredit Romania S.A.

### **Non-domestic Financial Companies**

Tyrerescom Ltd  
 UniCredit Delaware Inc.  
 Cariverona Ireland Plc  
 CR Trieste Ireland Ltd  
 Demir Romlease S.A.  
 Demir Securities Romania S.A.  
 Xelion Doradcy Finansowi Sp.Zo.o.  
 (formerly Pekao Informatyka Sp.Zo.o.)  
 Euro Capital Structures Ltd.  
 Locat Leasing Croatia D.o.o.  
 Zb – Trust Investicni Spolecnost A.S.  
 UniCredito Italiano Capital Trust I

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UniCredito Italiano Capital Trust II  
UniCredito Italiano Funding LLC I  
UniCredito Italiano Funding LLC II

***Pekao Group***

Bank Pekao S.A.  
Bank Pekao (Ukraina) Ltd  
Centralny Dom Maklerski Pekao S.A.  
Drukbank Sp.z.o.o.  
Leasing Fabryczny Sp.Zo.o.  
Pekao Faktoring Sp.Zo.o.  
Pekao Fundusz Kapitałowy Sp. Zo.o.  
Pekao Leasing Sp.Zo.o.  
Pekao Pioneer PTE S.A.

***Pioneer Group***

Pioneer Global Asset Management SpA  
Pioneer Investment Management S.G.R. p.A.  
Pioneer Alternative Investment Management S.G.R.p.A  
Pioneer Alternative Investment Management Ltd  
Pioneer Fonds Marketing GmbH  
Pioneer Global Funds Distributor Ltd  
Pioneer Global Investments Ltd  
Pioneer Asset Management S.A.  
(formerly Pioneer Institutional Investment  
Management S.A.)  
Pioneer Investment Management Ltd.  
Pioneer Pekao Investment Management S.A.  
Pioneer Pekao TFI S.A.  
Pioneer Investment Management USA Inc.

Pioneer Czech Financial Company Sro  
Pioneer Czech Investment Company A.S.  
Pioneer Investment Management Inc.  
Pioneer Funds Distributor Inc.  
Pioneer Investment Management  
Shareholder Services Inc.  
Pioneer Alternative Investments Management  
(Bermuda) Ltd (formerly Momentum Holdings Ltd)  
KI7(7) Limited  
Pioneer Alternative Investments UK Ltd  
(formerly Momentum UK Ltd)  
Pioneer Alternative Investments (New York) Ltd  
(formerly Momentum New York Ltd)  
Pioneer Global Investments (HK) Ltd  
(formerly Momentum Asia (Hong Kong) Ltd)  
Pioneer Global Investments (Australia) PTY Ltd  
(formerly Momentum Australia (PTY) Ltd)  
Pioneer Alternative Investments (Israel) Ltd  
(formerly Special Fund Marketing Israel Ltd)  
Zb – Asset Management A.S.

***Zagebracka Group***

Zagrebacka Banka d.d.  
Prva Stambena Stedionica d.d.  
Universal Banka d.d.  
Varazdinska Banka d.d.  
Zagrebacka Banka BH d.d.  
ZB Invest d.o.o.  
Pominvest d.d.  
Zagreb Nekretnine d.o.o.

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## **2. Investments consolidated using the proportional method**

***Pioneer Group***

Orbit Asset Management Limited

***Koç Group***

Koç Finansal Hizmetler A.S.  
KoçBank A.S.

KoçLease - Koç Finansal Kiralama A.S.  
KoçFaktor - Koç Faktoring Hizmetleri A.S.  
Koç Yatırım Menkul Değerler A.S.  
KoçBank Nederland N.V  
Koç Portfoy Yönetim A.S.  
KoçBank (Azerbaijan) Ltd

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### 3. Investments consolidated using the net equity method

UniCredit Broker SpA (formerly Broker Credit SpA)  
Commercial Union Vita SpA  
UniCredit International Services UniCIIS Srl  
CreditRas Assicurazioni S.p.A  
CreditRas Vita S.p.A  
Fidia Fondo Interbancario d'Investimento  
Azionario S.G.R.p.A.  
Selezione Terza Srl  
S.T.T. SpA  
UniCredit Assicura Srl (formerly UniCreditAssicura S.r.l.)  
UniCredit Consulting Srl  
UniCredit Energia S.c.r.l.  
Banca Cassa di Risparmio di Savigliano SpA  
Consorzio CA.RI.CE.SE  
Cassa di Risparmio di Bra SpA  
Cassa di Risparmio di Fossano SpA  
Cassa di Risparmio di Saluzzo SpA  
Liseuro SpA  
Società Friulana Esazione Tributi – S.F.E.T. SpA  
S.S.I.S. Società Servizi Informatici  
Sammarinese SpA  
Agrocons Centrum A.S. (in liquidation)  
Grifo Insurance Brokers Srl  
Immobiliare Lombarda SpA  
Ing Agenzia Assicurativa SpA  
(now XAA Agenzia Assicurativa SpA)  
Ing Employee Benefits SpA  
(Employee Benefits SpA)  
Locat Rent SpA  
Ventura Finance SpA  
Vivacity SpA  
IKB CorporateLab S.A.  
TradingLab Inc.  
I-Faber SpA  
TLX SpA  
E2E Infotech Ltd  
Sviluppo Nord-Ovest S.G.R.p.A.  
UniCredit ServiceLab SpA  
On Investment Services Srl  
Synesis Finanziaria SpA  
Uni IT Srl  
Zivnostenska Finance B.V.

#### ***Pekao Group***

Anica System S.A.  
BDK Consulting Ltd  
Pekao Development Sp.Zo.o.  
Pekao Financial Services Sp.Zo.o.  
Trinity Management Sp.Zo.o.  
Jupiter NFI S.A.  
Pekao Access Sp. Zo.o.  
Central Poland Fund LLC  
Grupa Inwestycyjna Nywing S.A.  
Hotel Jan III Sobieski Sp.Zo.o.  
Krajowa Izba Rozliczeniowa S.A.  
Fabryka Maszyn Sp.Zo.o.  
Fabryka Sprzetu Okretowego “Meblomor” S.A.  
Masters S.A.  
Polonit Sp.Zo.o.  
Tomtex S.A.  
Zaslaw Spin  
Centrum Kart S.A.

#### ***Pioneer Group***

Pioneer Consulting Services S.A.  
Ot Financial Services Nominees Limited

#### ***Zagebracka Group***

Allianz Zagreb Dionicko Društvo Za Osiguranje  
Allianz Zb d.o.o. Društvo Za Upravljanje Obveznim  
Mirovinskim Fondom  
Allianz Zb d.o.o. Društvo Za Upravljanje  
Dobrovoljnim  
Mirovinskim Fondom  
Centar Gradski Podrum d.o.o.  
Centar Kaptol d.o.o.  
Istraturist Umag, Hotelijerstvo I Turizam d.d.  
Lipa d.d.  
Marketing Zagrebacke Banke d.o.o  
Zaba Turizam d.o.o.  
Zane BH d.o.o.  
Upi Poslovni Sistem d.o.o.

#### ***Koç Group***

Koç Asset Management S.A.

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## ● Consolidation Policies and Principles

**T**he accounting policies and principles of consolidation followed are reported below.

### Accounts included in consolidation

The pro-forma accounts as at 31 December 2003 of the Parent Company and companies consolidated using the line-by-line method were used for consolidation, as prepared and approved by the appropriate company bodies prior to the approval of the Group's consolidated accounts by the Board of Directors of UniCredito Italiano SpA. Similarly, these accounts will be submitted for the approval of the respective shareholders' meetings, which will take place on a date prior to the Parent Company's shareholders' meeting.

The accounts used for the line-by-line consolidation were appropriately reclassified and adjusted to take into account consolidation requirements and, as necessary, revised to standardise them to the Group's accounting principles.

Leading auditing firms certified the accounts of the main companies consolidated on a line-by-line basis.

For the purposes of consolidation, accounts prepared using the "financial method" were used for the Group's leasing operations.

Equity investments were valued using the equity method on the basis of the latest available accounts or draft accounts.

Accounts expressed in foreign currencies were converted on the basis of official exchange rates at the end of the year for consolidation on a line-by-line basis and for valuation using the equity method.

### Consolidation of equity investments

The book value of **equity investments in subsidiaries** included for the first time in consolidation is offset by the corresponding fraction of the shareholders' equity of those companies, and their assets and liabilities are included using the line-by-line or proportional method. The difference resulting from this offset is allocated in the consolidated accounts, where possible, to the asset or liability items of the subsidiary.

Any remaining **negative** difference is posted to the consolidated balance sheet in the item "negative consolidation differences", and any **positive** difference is posted to the consolidated balance sheet in the item "positive consolidation differences", to be amortised over a ten-year period. For those equity investments made and consolidated during the second half of the year, amortisation is calculated as a fraction of the months of ownership out of the total months of the year.

If the negative difference is due to the subsidiary's projected poor future operating performance, it is posted to

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the “consolidation reserve for future risks and charges”, which is transferred to the consolidated profit and loss account when, and to the extent that, this projection materialises.

The operating results of companies being included in, or removed from, consolidation on a line-by-line basis in 2003 were included in the Group’s consolidated net profit in proportion to the percentage and period held; the difference was allocated to minority interests.

Consolidated reserves also include the differences resulting from the conversion of shareholders’ equity (at the official year-end exchange rate) expressed in the foreign currencies of the subsidiaries included in consolidation.

For those companies consolidated using the line-by-line or proportional method, consolidation procedures were followed as set out in Circular No. 166 of the Supervisory Authority for the implementation of Legislative Decree 87/92:

- sum of the items of the individual accounts in accordance with the mandatory formats;
- elimination of balance sheet and profit and loss items arising from intra-group transactions, with the exception of trading profits and losses, and income and charges comparable to interest related to “off balance sheet” transactions, and forward currency and security transactions. These items were not eliminated in order to provide a more precise and accurate representation of the group’s various operating and financial situations and the related sources of expenses and revenues. However, these transactions were carried out at market prices;
- elimination of dividends collected within the Group and of writedowns and writebacks on consolidated equity investments;
- elimination of the book value of subsidiaries from the accounts of the parent company against the equity of the subsidiaries, taking into account that noted above with regard to consolidation differences and changes;
- posting of minority interests, including negative and positive consolidation and net equity differences resulting from the consolidation of indirect equity investments, in the appropriate liability account, with a separate indication in the profit and loss account of the minority portion of net profit. The minority interest in revaluation reserves and the fund for general banking risks are not subject to this procedure. They are maintained as a separate item with a record of the relevant minority interest.

Changes in the value of the shareholders’ equity of subsidiaries corresponding to the stake held and occurring in the years following the first application of the consolidation principles, are posted in balance sheet item 170 d), (“other reserves”).

Those **equity investments** over which the parent company exercises significant influence, i.e., those in which the equity investment percentage is greater than 20%, and those subsidiaries not consolidated on a line-by-line basis, are consolidated using the equity method.

If book value exceeds the corresponding fraction of shareholders’ equity found upon application of the principle, which is attributed to goodwill, it is posted to the balance sheet asset item “positive net equity differences”.

If the book value is found to be lower than the corresponding fraction of shareholders’ equity, the difference is

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posted to the item “negative net equity differences”, or, when such difference is the result of the projection of changes in the future operating results of the subsidiary, it is posted to sub-item c) “consolidation reserve for future risks and charges” under the item “reserves for risks and charges.”

Changes in the net equity of the subsidiary corresponding to the interest held and occurring in the years following the year in which the accounting principle is first applied, are posted as follows:

- to the extent of the net profit (loss) for the period, in item 170 of the profit and loss account (“Income (loss) from equity investments valued at net equity”);
- to the extent of the increase (decrease) in shareholders’ equity, in item 170 d) of the balance sheet (“other reserves”).

## ● Changes in Scope of Consolidation

**B**elow are changes in the scope of consolidation as at 31 December 2003 compared to 31 December 2002:

### A. COMPANIES INCLUDED IN CONSOLIDATION

#### A.1 Line-by-line method

##### Additions

###### *Acquisitions:*

- Zivnostenska Banka A.S.
- Ing Sviluppo Finanziaria SpA  
(now Sviluppo Finanziaria SpA)
- Ing Investment Management Italia S.G.R.p.A.  
(now Pixel Investment Management SGRpA)
- Ing Sviluppo Fiduciaria Sim SpA  
(now Sviluppo Fiduciaria SpA)
- Ing Sviluppo Investimenti Sim SpA  
(now Sviluppo Investimenti SIMpA)

###### *Newly established companies:*

- Cordusio Immobiliare SpA
- UniCredit Real Estate SpA

###### *Transfer from equity investments valued at net equity:*

- UniCredit Audit SpA
- UniCredit Banca d’Impresa SpA  
(formerly UniCredit Servizi Corporate SpA)

- UniCredit Private Banking SpA  
(formerly UniCredit Servizi Private SpA)
- Demir Romlease S.A.
- Demir Securities Romania S.A.
- Locat Leasing Croatia D.o.o.
- Xellon Doradcy Finansowi Sp.Zo.o.  
(formerly Pekao Informatyka Sp.Zo.o.)
- Zb - Asset Management A.S.
- Zb - Trust Investicni Spolecnost A.S.

##### Exclusions

###### *Companies liquidated or sold:*

- Bank Polska Kasa Opieki Tel-Aviv Ltd
- Rolo Pioneer Luxembourg S.A.
- Pioneer Investment Management S.A.
- UniCredit Capital Italia Advisory Company S.A.
- Moriah S.A.

###### *Absorption by Zagrebacka Banka D.D. of:*

- Cassa di Risparmio di Trieste Banca D.D.

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*Absorption by Zaba Turizam of:*

- ZB Brokeri D.o.o.

*Absorption by Pioneer Alternative Investments Management (Bermuda) Ltd (formerly Momentum Holdings Ltd) of:*

- Momentum Advisory Ltd

- Momentum Asia Ltd
- Momentum Asset Management Ltd
- Momentum Marketing Ltd

*Absorption by Pioneer Investment Management S.G.R.p.A. of:*

- UniCredit Fondi S.G.R. p.A.

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## A.2 Proportional method

### Additions

*Transfer from equity investments valued at net equity:*

- Koç Finansal Hizmetler A.S.

*Based on the proportional consolidation of Koç Finansal Hizmetler A.S.:*

- KoçBank A.S.

- KoçLease – Koç Finansal Kiralama A.S.
- KoçFaktor – Koç Faktoring Hizmetleri A.S.
- Koç Yatırım Menkul Değerler A.S.
- KoçBank Nederland N.V
- Koç Portföy Yönetim A.S.
- KoçBank (Azerbaijan) Ltd

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## B. EQUITY INVESTMENTS VALUED AT NET EQUITY

### Additions

*Newly established companies:*

- Synesis Finanziaria SpA
- Uni IT Srl
- Centrum Kart S.A.
- IKB CorporateLab S.A.

*Acquisitions:*

- Ing. Agenzia Assicurativa SpA  
(now XXA Agenzia Assicurativa SpA)
- Ing. Employee Benefits SpA  
(now Employee Benefits SpA)

*Based on the line-by-line/proportional consolidation of the controlling Company/ies:*

- Zb Trust Investicni Spolecnost A.S.
- Zb Asset Management A.S.

- Zivnostenska Finance B.V.
- Koç asset Management S.A.

*Transfer from Other Significant Equity Investments carried at cost:*

- Anica System S.A.
- Fabryka Maszyn Sp.Zo.o.
- Fabryka Sprzetu Okretowego "Meblomor" S.A.
- Masters S.A.
- Polonit Sp.Zo.o.
- Tomtex S.A.
- Zaslaw Spin

### Exclusions

*Companies liquidated or sold:*

- Old City Financial Services Ltd
- Milano Innovazione S.G.R. SpA

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*Transfer to equity investments consolidated on a line-by-line basis:*

- UniCredit Audit SpA
- UniCredit Banca d'Impresa SpA  
(formerly UniCredit Servizi Corporate SpA)
- UniCredit Private Banking SpA  
(formerly UniCredit Servizi Private SpA)
- Demir Romlease S.A.
- Demir Securities Romania S.A.

- Locat Leasing Croatia D.o.o.
- Xelion Doradcy Finansowi Sp.Zo.o.  
(formerly Pekao Informatyka Sp.Zo.o.)
- Zb - Asset Management A.S.
- Zb - Trust Investicni Spolecnost A.S.

*Transfer to equity investments consolidated using the proportional method:*

- Koç Finansal Hizmetler A.S.

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## C. OTHER SIGNIFICANT EQUITY INVESTMENTS

### Additions

*Other changes:*

- Consortium Srl

*Based on the line-by-line/proportional consolidation of the controlling Company/ies:*

- Cesky Leasing Spol. S.R.O.
- Hur Emlak Ins Tic AS
- Koç Kultur Sanat Tanitim A.S.

- S.T.O.A. Società Triveneta per l'Organizzazione e l'Automazione SpA
- Cesky Leasing Spol. S.R.O.
- Jarocinskie Fabryki Mebli (JFM)
- Pioneer Funds Management Ltd
- Zaba D.o.o.
- Medtrade D.o.o.
- Zpc Swidnik Sp.Zo.o.

*Other changes:*

- Baldini e Castoldi SpA

### Exclusions

*Companies liquidated or sold:*

- Polcard S.A.
- Pollena Ewa S.A.
- Waw Pzl Sp.Zo.o.
- Witwornia Silnikow Pzl-Mielec Sp.Zo.o.
- Europay Hrvatska D.o.o.
- Veleks D.D.
- La Compagnie Fiduciaire S.p.A

*Transfer to equity investments consolidated on a net equity basis:*

- Anica System S.A.
- Fabryka Maszyn Sp.Zo.o.
- Fabryka Sprzetu Okretowego "Meblomor" S.A.
- Masters S.A.
- Polonit Sp.Zo.o.
- Tomtex S.A.
- Zaslaw Spin



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# Part A - Accounting principles

## ● Section 1 DESCRIPTION OF ACCOUNTING PRINCIPLES

The Parent Company has provided appropriate guidelines for obtaining a high degree of standardisation in accounting policies and principles used and for reporting certain operating events.

The accounting principles used are in line with those used for the preparation of the consolidated accounts as at 31 December 2002.

Furthermore, in accordance with legislative provisions, assets and liabilities reported in accounts and “off balance sheet” items are valued separately; however, interrelated assets and liabilities are valued in a consistent manner.

A connection is made between related hedging transactions.

## 1. Loans - Guarantees and Commitments

### Loans

Loans are valued at their estimated realisable value, which is also determined by taking into account market prices, when available, on the basis of:

- a) the debtors' solvency;
- b) the difficulty of servicing debt in countries where debtors reside.

As regards customers, the estimated realisable value is determined on the basis of a careful assessment of all elements characterising the history of the relationships, and also taking into account information available as to the balance sheet, operating performance and financial condition of debtors.

Consideration is also given to the nature of the business performed, the degree of risk of the particular type of credit facility, and any guarantees given.

The following should be noted regarding the various categories of “**bad and doubtful debts**”:

- **Non-performing loans** are those loans that have formally deteriorated, and consist of exposure to customers that find themselves in a state of insolvency, even if not determined by a court, or in similar situations: valuations are performed on a specific basis;
- **Doubtful loans** are defined as loans to borrowers that find themselves in temporary difficulties, which are expected to be resolved within a reasonable period of time. They are usually assessed for an overall amount on a historical and statistical basis, and on a specific basis when circumstances make this advisable;

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- **Loans to countries at risk**, i.e., to central governments, banks or customers in countries having difficulties servicing their debt, are valued using the percentages adopted by the Italian banking industry. They are valued on a general basis using the same percentages as those calculated by the industry, and such loans are subject to periodic review with regard to the countries to be included in this area and the degree of the writedown to be applied; when specific elements recommend it, general writedowns are supplemented by specific writedowns;
  - **Consolidated or restructured exposure, or exposure subject to possible consolidation or restructuring** represent exposure to counterparties with which agreements have been or are being concluded, which call for the granting of a moratorium on debt repayment and the simultaneous renegotiation of terms and conditions at below-market terms and interest rates, the conversion of a portion of the loans into shares and/or potential principal write-offs. They are valued on a specific basis with the inclusion in writedowns of the present value of the charge resulting from any renegotiated rates and terms, which are lower than the related cost of funds.

Bad and doubtful debts are identified by the portfolio managers responsible for the relationships concerned. They operate under powers delegated to them, using, as necessary, specialised scoring systems that analyse the performance of the relationship in question.

Each Group bank has a centralised team that is responsible for monitoring and overseeing the entire customer portfolio.

With regard to “**performing loans**” to customers, a general writedown is made (for so-called inherent risk) on exposures related to the entire loan portfolio or those business sectors which have a higher risk profile at that time.

## **Guarantees and Commitments**

Guarantees issued and commitments assumed that incorporate credit risk are reported at the total amount of the commitment assumed and are valued using the same criteria as for loans.

Estimated losses from the valuation of guarantees and commitments are covered by appropriate reserves.

If the reasons giving rise to the writedowns relating to loans (and advances), guarantees and commitments are no longer applicable in whole or in part, the necessary writebacks are made.

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## **2. “Off balance sheet” securities and transactions (other than those involving foreign currencies)**

### **2.1. Investment securities**

Securities that are classified as financial fixed assets are valued at purchase cost adjusted, as applicable, for any writedowns necessary to account for the permanent deterioration of the solvency of the issuer and of the debt repayment capacity of the issuer's country of residence, unless there are appropriate guarantees.

The writedowns carried out are cancelled in whole or in part when the reasons that gave rise to them no longer apply.

Cost is determined using the principle of “weighted-average rolling cost” on a daily basis. This is adjusted using the so-called “trading spread”, that is the applicable portion of the difference between the acquisition cost and the higher or lower repayment value at maturity (including the issuance spread), which is increased or decreased by the interest generated by the securities.

### **2.2. Trading securities**

Securities not valued as financial fixed assets are valued:

- a) at market value, if listed on regulated markets;
- b) at the lower of cost or market value if not listed on regulated markets.

Cost is determined using the principle of “weighted-average rolling cost” on a daily basis adjusted for the applicable portion, during the period, of the premium or discount on the securities (net of withholding tax accrued until the application of Legislative Decree 239/96).

Market value is determined as follows:

- a) for securities listed on regulated Italian and foreign markets, using the price reported on the last business day of the period, when a substantial portion of the securities is hedged by derivative contracts; for all other cases, the average price for December is used;
- b) for securities not listed on regulated Italian and foreign markets, using the estimated sales value.

Reference is made to the following measures to determine the latter value:

- market performance for similar securities listed on regulated Italian and foreign markets;
- the discounting of future cash flows on the basis of projected market returns;
- the solvency of issuers;
- any difficulty servicing debt in countries where issuers reside;
- other information that can be determined objectively.

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## 2.3. “Off balance sheet” transactions

“Off balance sheet” transactions, except those for foreign currencies, which are classified as financial fixed assets, are valued at contract value for spot or forward securities trading contracts that have not been settled, or for derivative contracts with an underlying security.

“Off balance sheet” transactions, except those for foreign currencies, which are not classified as financial fixed assets, are primarily valued using the following criteria:

a) spot or forward contracts that have not been settled:

- if involving securities that are listed on regulated markets, at the market value, meaning the price determined at the end of the period for maturities corresponding to those transactions being valued;
- if involving securities that are not listed on regulated markets, at the lower of contract value and market value for purchases, and at the higher of the above for sales. To determine market value, reference is made to the principles reported in the discussion of valuation of unlisted “trading” securities, and to the paragraph above;

b) derivative contracts, with underlying securities, or which are linked to interest rates, indices or other assets:

- if held as a part of trading portfolios, they are valued on the basis of market values defined as follows:
  - for contracts listed on regulated markets, the respective prices;
  - for other contracts, the values obtained by referring to parameters that are listed or available through standard international information channels and, in any event, determined objectively;
- if held for hedging purposes, they are treated in the same way as the assets or liabilities hedged. Thus:
  - if they are related to assets or liabilities that are interest bearing and valued at cost/face value (e.g. deposits or investment securities), the derivative contracts are also valued at cost and the differentials/margins that are settled/accrued during the period flow to interest-comparable income (expense), based on a time distribution in keeping with that for recording interest generated by the assets or liabilities hedged, in the case of specific hedges, or based on the contract term, in the case of general hedging (in the latter case, for futures or options on securities or interest rates, reference is made to the maturity of the underlying security, even if this is notional, and for forward rate agreements to the length of time in relation to which the interest differential is calculated;
  - if the assets or liabilities are interest bearing but are reported at market value (e.g. portfolios of trading securities):
    - the differentials settled or accrued flow to interest, with the exception of those related to single-flow contracts with underlying assets having a life of over one year (e.g. futures and options), which are instead allocated to trading profits or losses;
    - derivative contracts are also subject to valuation, but only to the extent of the portion of differentials accruing, and the results flow to trading profits or losses;
  - finally, if the assets or liabilities hedged are not interest bearing and are reported at market value (e.g. stocks), the derivative contracts used for hedging (options, futures) are also reported at market value, and the results of the valuation flow to trading profits (losses).

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### 3. Equity investments

Equity investments in companies subject to significant influence are reported in consolidated accounts at a value determined using the net equity method as indicated in “Consolidation principles”.

Equity investments in companies in which the stake held is less than 20% of ordinary capital are valued at the acquisition cost, adjusted, as applicable, for any writedowns necessary to take into account any permanent loss in value.

The writedowns carried out are cancelled in whole or in part when the reasons that gave rise to them no longer apply.

Equity investments in subsidiaries whose total assets are not material or that do not operate in a similar sector are valued at equity, while those subject to significant influence that are not material or are to be sold are valued at cost.

### 4. Assets and liabilities in foreign currencies (including “off-balance-sheet” transactions)

Assets and liabilities denominated in foreign currencies are valued at the spot exchange rate on the date the period ends.

Financial fixed assets that are not hedged, overall or individually, on the spot or forward markets, are valued at the exchange rate in effect on their purchase date.

Off balance sheet foreign currency transactions are valued as follows:

- spot transactions to be settled, at the spot exchange rate in effect on the date the period ends;
- forward transactions (outright or resulting from repurchase agreements):
  - if entered into for trading reasons, at the forward exchange rate in effect for corresponding maturities;
  - if entered into for hedging purposes, at the spot exchange rate in effect on the date the period ends;

In fact, with regard to the latter, in line with the approach for determining forward prices, it was deemed appropriate to treat them as financial transactions equivalent to the underlying transactions: deposits in the respective currencies and spot exchange transactions. The operating structure governed by this approach manages the two components of risk separately:

- that related to the “base,” by systematically allocating it to the spot exchange position;
- that related to interest differentials, by reporting it in an appropriate position that treats margins in the same way as interest on deposits, in terms of “applicability”.

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Other off balance sheet transactions in the form of derivative contracts, are reported at market value if held in portfolios made up of trading securities, or, in line with the assets or liabilities hedged if held for hedging purposes, in accordance with the approach noted above in point 2.3 b.

## 5. Tangible fixed assets

Tangible fixed assets are reported at purchase cost including ancillary costs, plus any further incremental expenses, with the exception of revaluations made by law.

The cost of tangible fixed assets, the use of which is limited over time, is depreciated on a straight-line basis in accordance with their remaining useful life.

Tangible fixed assets which, on the date the period ends, have experienced a permanent decline of the cost or value described above, are reported at such lower value.

## 6. Intangible fixed assets

Goodwill and positive consolidation differences are generally amortised over a ten-year period.

The cost of patents, rights to use intellectual property and licences, trademarks and similar rights and assets, are amortised on a straight-line basis over their remaining useful life.

Start-up and expansion costs, research and development costs and other capitalised costs are amortised over a period not to exceed five years.

## 7. Other aspects

**Amounts due to banks and customers and deposits received in administration** are reported at face value.

**Securities in issue**, consisting of bonds, certificates of deposit and bank drafts, are also reported at face value, while zero coupon bonds are posted at issue price plus accrued interest.

**Other assets** include advances made as a part of tax collection operations for uncollected taxes, while other liabilities include the amounts of taxes collected but not yet paid to tax authorities, including any advance tax payments received from taxpayers.



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## **7.1 Deferred taxation**

This item includes deferred tax assets and liabilities originating from the criteria used to determine net profit for the period, which differ from those dictated by tax regulations for the determination of taxable income, in terms of any timing differences.

Deferred tax assets are reported if there is a reasonable certainty of their recovery, which would occur in relation to the capacity to generate future taxable income.

Deferred tax liabilities are reported unless it is unlikely that they will be incurred.

Each company, based on instructions of the Parent Company, has made the appropriate entries based on its own specific current and future tax situation.

The methods applied are reported in detail in Part B) Notes to the Balance Sheet – Section 7 – Reserves.

## ● **Section 2 TAX ADJUSTMENT AND TAX PROVISIONS**

### **2.1 Writedowns made solely in accordance with tax laws**

None.

### **2.2 Provisions made solely in accordance with tax laws**

Provisions were made to Loan loss reserves amounting to €43.9 million which, net of the tax effect, had a negative effect on net income for the year of € 27.2 million (of which the minority portion is lower than the minimum amount considered or otherwise insignificant).

Loan loss reserves are created through provisions with respect to principal, in order to obtain the tax benefits under paragraph 3, Article 71 of Presidential Decree 917/86.

## Part B - Notes to the Balance Sheet

### ● Section 1 LOANS

The breakdown by economic counterparty of the Group's loan portfolio, is as follows:

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
10. Cash and deposits with central banks and post offices	1,952,396	1,648,726	1,609,848
30. Loans to banks	32,783,258	29,480,297	28,098,561
40. Loans to customers	126,709,237	115,440,057	113,824,110
<b>Total</b>	<b>161,444,891</b>	<b>146,569,080</b>	<b>143,532,519</b>

#### Item 10 "Cash and deposits with central banks and post offices"

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Notes and coins	1,770,602	1,521,554	1,491,688
Deposits with the Treasury, Bank for Deposits and Loans, post office savings banks and the Italian Exchange Office	4,219	13,745	13,745
Deposits at the Bank of Italy and central banks	146,640	99,578	91,990
Other items of value	30,935	13,849	12,425
<b>Total</b>	<b>1,952,396</b>	<b>1,648,726</b>	<b>1,609,848</b>

#### 1.1 Detail of Item 30 "Loans to banks"

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Loans to central banks	4,064,970	3,430,690	2,875,603
b) Securities eligible for refinancing at central banks	-	-	-
c) Loans under financial leases	1,756	-	-
d) Repo transactions	21,361,929	17,630,498	17,630,498
e) Securities lending	44,179	42,519	42,519

## 1.2 Loans to banks – bad and doubtful debts

€ '000

	AMOUNTS AS AT 31.12.2003			AMOUNTS AS AT 31.12.2002 RESTATED			AMOUNTS AS AT 31.12.2002 HISTORICAL		
	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE
<b>A. Doubtful loans</b>	<b>146,541</b>	<b>105,229</b>	<b>41,312</b>	<b>160,652</b>	<b>116,201</b>	<b>44,451</b>	<b>158,266</b>	<b>116,201</b>	<b>42,065</b>
A.1. Non-performing loans	106,823	101,845	4,978	114,881	107,826	7,055	114,881	107,826	7,055
A.2. Doubtful loans	539	135	404	627	157	470	627	157	470
A.3. Loans being restructured	-	-	-	-	-	-	-	-	-
A.4. Restructured loans	-	-	-	-	-	-	-	-	-
A.5. Unsecured loans to countries at risk	39,179	3,249	35,930	45,144	8,218	36,926	42,758	8,218	34,540
<b>B. Performing loans</b>	<b>32,742,292</b>	<b>346</b>	<b>32,741,946</b>	<b>29,436,032</b>	<b>186</b>	<b>29,435,846</b>	<b>28,056,682</b>	<b>186</b>	<b>28,056,496</b>
<b>Total (A+B)</b>	<b>32,888,833</b>	<b>105,575</b>	<b>32,783,258</b>	<b>29,596,684</b>	<b>116,387</b>	<b>29,480,297</b>	<b>28,214,948</b>	<b>116,387</b>	<b>28,098,561</b>

## 1.3 Changes in bad and doubtful debts - banks

€ '000

	NON - PERFORMING LOANS	DOUBTFUL LOANS	LOANS BEING RESTRUCTURED	RESTRUCTURED LOANS	UNSECURED LOANS TO COUNTRIES AT RISK
<b>A. Initial gross exposure</b>	<b>114,881</b>	<b>627</b>	<b>-</b>	<b>-</b>	<b>42,758</b>
A.1 of which: for overdue interest	31,816	-	-	-	-
<b>B. Increases</b>	<b>10,695</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>33,230</b>
B.1 Transfers from performing loans	3,664	-	-	-	3,484
B.2 Overdue interest	305	-	-	-	-
B.3 Transfers from other categories of bad and doubtful debts	-	-	-	-	-
B.4 Other increases *	6,726	18	-	-	29,746
<b>C. Decreases</b>	<b>18,753</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>36,809</b>
C.1 Transfers to performing loans	-	-	-	-	1,474
C.2 Write-offs	342	-	-	-	2,243
C.3 Recoveries	7,119	51	-	-	2,732
C.4 Sales proceeds	-	-	-	-	-
C.5 Transfers to other categories of bad and doubtful debts	-	-	-	-	-
C.6 Other decreases	11,292	55	-	-	30,360
<b>D. Final gross exposure</b>	<b>106,823</b>	<b>539</b>	<b>-</b>	<b>-</b>	<b>39,179</b>
D.1 of which: for overdue interest	30,881	-	-	-	-

\* Sub-item B.4 "Other increases" includes the changes resulting from the changed scope of consolidation. The effect of the individual items may be seen in table 1.2, in which the book amounts and restated amounts, as at 31 December 2002, are reported in the "gross exposure" column.

## 1.4 Changes in bad and doubtful debt adjustments - banks

€ '000

	NON-PERFORMING LOANS	DOUBTFUL LOANS	LOANS BEING RESTRUCTURED	RESTRUCTURED LOANS	UNSECURED SOVEREIGN LOANS	PERFORMING LOANS
<b>A. Initial total writedowns</b>	<b>107,826</b>	<b>157</b>	-	-	<b>8,218</b>	<b>186</b>
<i>A.1 of which: for overdue interest</i>	<i>31,816</i>	-	-	-	-	<i>161</i>
<b>B. Increases</b>	<b>10,827</b>	<b>5</b>	-	-	<b>1,057</b>	<b>297</b>
B.1 Writedowns	6,981	-	-	-	1,057	297
<i>B.1.1 of which: for overdue interest</i>	<i>280</i>	-	-	-	2	<i>175</i>
B.2 Use of loan loss reserves	-	-	-	-	-	-
B.3 Transfers from other categories of debts	-	-	-	-	-	-
B.4 Other increases	3,846	5	-	-	-	-
<b>C. Decreases</b>	<b>16,808</b>	<b>27</b>	-	-	<b>6,026</b>	<b>137</b>
C.1 Write-backs from assessments	1,044	-	-	-	2,590	-
<i>C.1.1 of which: for overdue interest</i>	-	-	-	-	-	-
C.2 Write-backs from recoveries	7,118	13	-	-	34	132
<i>C.2.1 of which: for overdue interest</i>	<i>334</i>	-	-	-	-	-
C.3 Write-offs	342	-	-	-	2,243	-
C.4 Transfers to other categories of debts	-	-	-	-	-	-
C.5 Other decreases	8,304	14	-	-	1,159	5
<b>D. Final total writedowns</b>	<b>101,845</b>	<b>135</b>	-	-	<b>3,249</b>	<b>346</b>
<i>D.1 of which: for overdue interest</i>	<i>30,881</i>	-	-	-	-	<i>336</i>

### Item 30 "Loans to banks"

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) on demand:</b>			
Deposits	758,471	1,716,824	1,671,029
Loans	102,388	153,298	153,298
Current accounts for services rendered	649,616	487,216	481,726
Bills and notes discounted	-	-	-
Loans to central banks	424,435	562,563	562,563
Other transactions	105,006	130,734	129,908
	<b>2,039,916</b>	<b>3,050,635</b>	<b>2,998,524</b>
<b>b) Other loans</b>			
Loans to central banks	3,640,535	2,868,127	2,313,040
Loans under financial leases	1,756	-	-
Deposits	4,307,560	5,196,309	4,526,584
Loans	434,259	475,194	465,249
Non-performing loans	4,978	7,055	7,055
Repo transactions	21,361,929	17,630,498	17,630,498
Stock lending	44,179	42,519	42,519
Bills and notes discounted	42,966	24,749	24,749
<i>of which: securities eligible for refinancing</i>			
<i>at central banks</i>	-	-	-
Other types of loans	905,180	185,211	90,343
	<b>30,743,342</b>	<b>26,429,662</b>	<b>25,100,037</b>
<b>Total</b>	<b>32,783,258</b>	<b>29,480,297</b>	<b>28,098,561</b>

### 1.5 Detail of Item 40 "Loans to customers"

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Securities eligible for refinancing at central banks	4,417	154,961	154,961
b) Loans under financial leases	7,495,288	6,561,991	6,471,351
c) Repo transactions	739,816	2,599,954	2,599,954

## 1.6 Secured loans to customers

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) By mortgages</b>	<b>43,226,129</b>	<b>34,448,313</b>	<b>34,139,131</b>
<b>b) By charges over:</b>			
1. Cash deposits	905,750	672,167	639,112
2. Securities	2,711,668	2,705,044	2,646,209
3. Other items of value	2,421,787	3,181,683	2,416,905
	<b>6,039,205</b>	<b>6,558,894</b>	<b>5,702,226</b>
<b>c) By guarantees provided by:</b>			
1. Governments	933,237	1,054,590	1,054,590
2. Other public entities	28,610	29,633	29,633
3. Banks	1,629,457	1,451,545	1,451,545
4. Others	17,389,643	18,146,791	18,023,184
	<b>19,980,947</b>	<b>20,682,559</b>	<b>20,558,952</b>
<b>Total</b>	<b>69,246,281</b>	<b>61,689,766</b>	<b>60,400,309</b>

## 1.7 Details of loans to customers

€ '000

	AMOUNTS AS AT 31.12.2003			AMOUNTS AS AT 31.12.2002 RESTATED			AMOUNTS AS AT 31.12.2002 HISTORICAL		
	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE
<b>A. Doubtful debts</b>	<b>8,907,987</b>	<b>4,194,605</b>	<b>4,713,382</b>	<b>8,288,290</b>	<b>3,977,878</b>	<b>4,310,412</b>	<b>8,066,575</b>	<b>3,896,378</b>	<b>4,170,197</b>
A.1. Non-performing loans	5,882,411	3,509,630	2,372,781	5,486,974	3,325,881	2,161,093	5,361,988	3,257,453	2,104,535
A.2. Doubtful loans	2,737,345	579,694	2,157,651	2,467,932	537,111	1,930,821	2,375,695	524,039	1,851,656
A.3. Loans being restructured	18,883	5,752	13,131	9,755	2,921	6,834	9,755	2,921	6,834
A.4. Restructured loans	225,540	89,692	135,848	255,864	97,574	158,290	255,864	97,574	158,290
A.5. Unsecured loans to countries at risk	43,808	9,837	33,971	67,765	14,391	53,374	63,273	14,391	48,882
<b>B. Performing loans</b>	<b>123,186,987</b>	<b>1,191,132</b>	<b>121,995,855</b>	<b>112,081,650</b>	<b>952,005</b>	<b>111,129,645</b>	<b>110,596,257</b>	<b>942,344</b>	<b>109,653,913</b>
<b>Total (A+B)</b>	<b>132,094,974</b>	<b>5,385,737</b>	<b>126,709,237</b>	<b>120,369,940</b>	<b>4,929,883</b>	<b>115,440,057</b>	<b>118,662,832</b>	<b>4,838,722</b>	<b>113,824,110</b>



## 1.8 Changes in bad and doubtful debts - customers

€ '000

	NON - PERFORMING LOANS	DOUBTFUL LOANS	LOANS BEING RESTRUCTURED	RESTRUCTURED LOANS	UNSECURED LOANS TO COUNTRIES AT RISK
<b>A. Initial gross exposure</b>	<b>5,361,988</b>	<b>2,375,695</b>	<b>9,755</b>	<b>255,864</b>	<b>63,273</b>
<i>A.1 of which: for overdue interest</i>	<i>1,201,387</i>	<i>45,843</i>	<i>1</i>	<i>18</i>	<i>-</i>
<b>B. Increases</b>	<b>2,219,028</b>	<b>2,409,173</b>	<b>48,526</b>	<b>44,542</b>	<b>17,639</b>
B.1 Transfers from performing loans	693,264	1,854,519	37,451	20,728	9,599
B.2 Overdue interest	247,343	40,198	51	35	-
B.3 Transfers from other categories of bad and doubtful loans	669,645	48,283	7,456	14,273	2
B.4 Other increases *	608,776	466,173	3,568	9,506	8,038
<b>C. Decreases</b>	<b>1,698,605</b>	<b>2,047,523</b>	<b>39,398</b>	<b>74,866</b>	<b>37,104</b>
C.1 Transfers to performing loans	29,112	371,144	-	6,796	1,202
C.2 Write-offs	690,104	52,886	-	-	-
C.3 Recoveries	552,945	640,751	5,907	40,943	9,730
C.4 Sales proceeds	32,106	6,692	-	-	-
C.5 Transfers to other categories of bad and doubtful debts	36,664	642,352	33,491	27,127	25
C.6 Other decreases	357,674	333,698	-	-	26,147
<b>D. Final gross exposure</b>	<b>5,882,411</b>	<b>2,737,345</b>	<b>18,883</b>	<b>225,540</b>	<b>43,808</b>
<i>D.1 of which: for overdue interest</i>	<i>1,281,865</i>	<i>56,999</i>	<i>54</i>	<i>119</i>	<i>-</i>

\* Sub-item B.4 "Other increases" includes the changes resulting from the changed scope of consolidation. The effect of the individual items may be seen in table 1.7 in which the book amounts and restated amounts, as at 31 December 2002, are reported in the "gross exposure" column.

## 1.9 Changes in total writedowns of loans to customers

€ '000

	NON-PERFORMING LOANS	DOUBTFUL LOANS	LOANS BEING RESTRUCTURED	RESTRUCTURED LOANS	UNSECURED SOVEREIGN LOANS	PERFORMING LOANS
<b>A. Initial total writedowns</b>	<b>3,257,453</b>	<b>524,039</b>	<b>2,921</b>	<b>97,574</b>	<b>14,391</b>	<b>942,344</b>
<i>A.1 of which: for overdue interest</i>	<i>1,155,113</i>	<i>30,262</i>	<i>-</i>	<i>18</i>	<i>-</i>	<i>131,964</i>
<b>B. Increases</b>	<b>1,392,518</b>	<b>484,140</b>	<b>5,753</b>	<b>10,706</b>	<b>3,032</b>	<b>357,246</b>
B.1 Writedowns	1,064,356	429,279	4,503	5,389	2,965	247,955
<i>B.1.1 of which: for overdue interest</i>	<i>254,195</i>	<i>22,696</i>	<i>55</i>	<i>35</i>	<i>-</i>	<i>21,328</i>
B.2 Use of loan loss reserves	-	-	-	-	-	-
B.3 Transfers from other categories of loans	152,656	14,205	1,250	5,317	-	16,958
B.4 Other Increases *	175,506	40,656	-	-	67	92,333
<b>C. Decreases</b>	<b>1,140,341</b>	<b>428,485</b>	<b>2,922</b>	<b>18,588</b>	<b>7,586</b>	<b>108,458</b>
C.1 Write-backs from assessments	61,598	78,439	-	5,364	4,129	14,054
<i>C.1.1 of which: for overdue interest</i>	<i>954</i>	<i>26</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,317</i>
C.2 Write-backs from collections	147,731	77,747	24	3,757	1,955	26,388
<i>C.2.1 of which: for overdue interest</i>	<i>18,627</i>	<i>12,581</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7,243</i>
C.3 Write-offs	690,104	52,886	-	-	-	46,151
C.4 Transfers to other categories of loans	8,647	155,447	2,898	9,465	11	13,918
C.5 Other decreases	232,261	63,966	-	2	1,491	7,947
<b>D. Final total writedowns</b>	<b>3,509,630</b>	<b>579,694</b>	<b>5,752</b>	<b>89,692</b>	<b>9,837</b>	<b>1,191,132</b>
<i>D.1 of which: Overdue interest</i>	<i>1,281,797</i>	<i>56,707</i>	<i>54</i>	<i>119</i>	<i>-</i>	<i>103,399</i>

\* Sub-item B.4 "Other increases" includes the changes resulting from the changed scope of consolidation. The effect of the individual items may be seen in table 1.7 in which the book amounts and restated amounts, as at 31 December 2002, are reported in the "total writedowns" column.

## Item 40 "Loans to customers"

€ '000

BY TYPE OF FACILITY	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Bills and notes discounted	1,124,210	1,485,212	1,470,433
<i>of which: securities eligible for refinancing at central banks</i>	<i>4,417</i>	<i>154,961</i>	<i>154,961</i>
Loans under financial leases	7,495,288	6,561,991	6,471,351
Current accounts	21,143,320	21,584,876	21,471,742
Medium-term loans and mortgages	49,539,321	40,671,787	40,635,236
Loans	16,697,654	17,490,808	16,232,625
Other non-overdraft lending	23,760,222	19,330,580	19,330,580
Non-performing loans	2,372,781	2,161,093	2,104,535
Repo transactions	739,816	2,599,954	2,599,954
Stock lending	-	-	-
Factoring transactions	2,582,357	2,172,806	2,128,105
Other types of loans	1,254,268	1,380,950	1,379,549
<b>Total</b>	<b>126,709,237</b>	<b>115,440,057</b>	<b>113,824,110</b>

## ● Section 2 SECURITIES

Securities held in portfolio included:

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>20. Treasury notes and similar securities eligible for refinancing at central banks</b>	<b>2,054,001</b>	<b>2,773,043</b>	<b>2,773,043</b>
<b>50. Bonds and other debt securities</b>	<b>25,348,504</b>	<b>26,837,110</b>	<b>26,140,725</b>
<b>60. Shares, interests and other variable yield securities</b>	<b>2,124,084</b>	<b>1,519,373</b>	<b>1,516,070</b>
<b>Total</b>	<b>29,526,589</b>	<b>31,129,526</b>	<b>30,429,838</b>
<i>of which: Investment securities</i>	<i>11,271,184</i>	<i>13,795,129</i>	<i>13,338,324</i>

### 2.1 Investment Securities

€ '000

	AMOUNTS AS AT					
	31.12.2003		31.12.2002 RESTATED		31.12.2002 HISTORICAL	
	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE
<b>1. Debt securities</b>	<b>11,110,917</b>	<b>11,823,003</b>	<b>13,642,603</b>	<b>14,883,548</b>	<b>13,188,301</b>	<b>13,940,682</b>
1.1 Government securities	3,777,185	4,331,217	4,503,987	5,162,724	4,503,987	5,162,724
- listed	3,687,674	4,206,261	4,396,191	5,023,404	4,396,191	5,023,404
- Unlisted	89,511	124,956	107,796	139,320	107,796	139,320
1.2 Other securities	7,333,732	7,491,786	9,138,616	9,720,824	8,684,314	8,777,958
- listed	3,775,255	3,859,322	4,876,061	4,982,468	4,421,759	4,494,751
- Unlisted	3,558,477	3,632,464	4,262,555	4,738,356	4,262,555	4,283,207
<b>2. Variable yield securities</b>	<b>160,267</b>	<b>159,387</b>	<b>152,526</b>	<b>153,199</b>	<b>150,023</b>	<b>150,578</b>
- listed	10,341	9,543	7,844	7,125	5,341	4,504
- Unlisted	149,926	149,844	144,682	146,074	144,682	146,074
<b>Total</b>	<b>11,271,184</b>	<b>11,982,390</b>	<b>13,795,129</b>	<b>15,036,747</b>	<b>13,338,324</b>	<b>14,091,260</b>

## 2.2 Changes in investment securities in the year

€ '000

<b>A. Opening balance</b>	<b>13,338,324</b>
<b>B. Increases</b>	<b>9,871,469</b>
B.1 Purchases	8,335,999
B.2 Write-backs	15,773
B.3 Transfers from trading securities	555,445
B.4 Other changes *	964,252
<b>C. Reductions</b>	<b>11,938,609</b>
C.1 Sales	4,661,967
C.2 Redemptions	5,627,323
C.3 Writedowns	15,191
<i>of which: permanent writedowns</i>	14,583
C.4 Transfers to trading securities	420,282
C.5 Other changes	1,213,846
<b>D. Closing balance</b>	<b>11,271,184</b>

\* Sub-item B.4 "Other changes" includes the effect of the changes resulting from the changed scope of consolidation.

The characteristics, volumes and methods for the determining the changes in investment securities are approved by the Boards of Directors of Group companies, bearing in mind the current regulations of CONSOB and the Bank of Italy and those of supervision authorities in those countries in which Group companies are located. This item also includes securities resulting from the restructuring of loans.

## 2.3 Trading securities

€ '000

	AMOUNTS AS AT					
	31.12.2003		31.12.2002 RESTATED		31.12.2002 HISTORICAL	
	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE
<b>1. Debt securities</b>	<b>16,291,588</b>	<b>16,306,459</b>	<b>15,967,550</b>	<b>15,975,403</b>	<b>15,725,467</b>	<b>15,744,830</b>
1.1 Government securities	6,170,070	6,170,584	8,183,730	8,184,166	8,183,730	8,184,166
- Listed	6,169,740	6,170,254	8,182,815	8,183,229	8,182,815	8,183,229
- Unlisted	330	330	915	937	915	937
1.2 Other securities	10,121,518	10,135,875	7,783,820	7,791,237	7,541,737	7,560,664
- Listed	6,967,003	6,967,912	5,497,313	5,488,428	5,255,349	5,257,855
- Unlisted	3,154,515	3,167,963	2,286,507	2,302,809	2,286,388	2,302,809
<b>2. Variable yield securities</b>	<b>1,963,817</b>	<b>1,963,837</b>	<b>1,366,847</b>	<b>1,368,760</b>	<b>1,366,047</b>	<b>1,367,960</b>
- Listed	1,163,184	1,163,184	812,199	812,255	811,861	811,917
- Unlisted	800,633	800,653	554,648	556,505	554,186	556,043
<b>Total</b>	<b>18,255,405</b>	<b>18,270,296</b>	<b>17,334,397</b>	<b>17,344,163</b>	<b>17,091,514</b>	<b>17,112,790</b>

## 2.4 Changes in trading securities in the year

€ '000

<b>A. Opening balance</b>	<b>17,091,514</b>
<b>B. Increases</b>	<b>470,685,084</b>
B.1 Purchases	461,738,512
- Debt securities	450,497,191
Government securities	256,767,859
Other securities	193,729,332
- Variable-yield securities	11,241,321
B.2 Write-backs and revaluations	221,817
B.3 Transfers from investment securities	420,282
B.4 Other changes (*)	8,304,473
<b>C. Decreases</b>	<b>469,521,193</b>
C.1 Sales and redemptions	460,902,401
- Debt securities	449,602,534
Government securities	258,273,033
Other securities	191,329,501
- Variable-yield securities	11,299,867
C.2 Value adjustments and writedowns	164,296
C.3 Transfers to investment securities	555,445
C.4 Other changes	7,899,051
<b>D. Closing balance</b>	<b>18,255,405</b>

\* Sub-item B.4 "Other changes" includes the effect of the changes resulting from the changed scope of consolidation.

## ● Section 3 EQUITY INVESTMENTS

Equity investments, as reported in asset items 70 and 80 of the Consolidated Balance Sheet, are broken down as follows:

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>70. Equity investments</b>	<b>3,367,224</b>	<b>2,072,115</b>	<b>2,252,597</b>
<b>80. Equity investments in Group companies</b>	<b>137,242</b>	<b>151,528</b>	<b>151,528</b>
<b>Total</b>	<b>3,504,466</b>	<b>2,223,643</b>	<b>2,404,125</b>

### 3.1 Significant equity investments

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP <sup>1</sup>	SHARE-HOLDERS' EQUITY** € '000	PROFIT/LOSS ***A € '000	RELATIONSHIP			% VOTING RIGHTS AT A.G.M.	BOOK VALUE
					PARENT COMPANY	% STAKE			
A. COMPANIES INCLUDED IN CONSOLIDATION									
A.1 Fully consolidated									
1) UNICREDITO ITALIANO SpA	Genoa				Parent Company				
2) UNICREDIT BANCA SpA	Bologna	1	3,256,151	700,525	A1.	1	100.00	100.00	XXXX
3) UNICREDIT BANCA D'IMPRESA SpA	Verona	1	4,106,106	434,868	A1.	1	100.00	100.00	XXXX
4) UNICREDIT PRIVATE BANKING SpA	Turin	1	303,801	67,567	A1.	1	100.00	100.00	XXXX
5) UNICREDIT BANCA MEDIOCRREDITO SpA (formerly BANCA MEDIOCRREDITO SpA)	Turin	1	380,760	20,718	A1.	1	92.23	92.23	XXXX
6) UNICREDIT BANCA MOBILIARE SpA	Milan	1	978,964	419,731	A1.	1	100.00	100.00	XXXX
7) UNICREDITO GESTIONE CREDITI SpA	Verona	1	82,533	10,094	A1.	1	97.81	97.81	XXXX
8) UNICREDIT XELION BANCA SpA (formerly XELION BANCA SpA)	Milan	1	360,794	-54,361	A1.	1	100.00	100.00	XXXX
9) UNICREDIT BANCA PER LA CASA SpA (formerly ADALYA BANCA IMMOBILIARE SpA)	Milan	1	429,346	-47,295	A1.	2	100.00	100.00	XXXX
10) BANCA DELL'UMBRIA 1462 S.p.A	Perugia	1	312,109	34,043	A1.	2	96.46	96.46	XXXX
11) CASSA DI RISPARMIO DI CARPI S.p.A	Carpi	1	142,413	11,056	A1.	2	99.91	99.91	XXXX
12) CLARIMA BANCA SpA (now UNICREDIT CLARIMA BANCA SpA)	Milan	1	239,816	-30,668	A1.	2	100.00	100.00	XXXX
13) TRADINGLAB BANCA SpA	Milan	1	270,608	105,255	A1.	6	100.00	100.00	XXXX
14) BANK PEKAO S.A.	Warsaw	1	1,524,091	210,799	A1.	1	53.05	53.05	XXXX
15) BULBANK A.D.	Sofia	1	280,295	47,177	A1.	1	85.20	85.20	XXXX
16) UNICREDIT ROMANIA S.A.	Bucharest	1	28,129	2,672	A1.	1	99.87	99.87	XXXX
					A1.	49	..	..	
					A1.	57	..	..	
17) UNIBANKA A.S.	Bratislava	1	73,921	6,801	A1.	1	77.11	77.11	XXXX
18) UNICREDITO ITALIANO BANK (IRELAND) PLC	Dublin	1	686,380	52,739	A1.	1	100.00	100.00	XXXX
19) ZAGREBACKA BANKA D.D.	Zagreb	1	598,639	95,302	A1.	1	81.91	82.16	XXXX
20) ZAGREBACKA BANKA BH D.D.	Mostar	1	32,959	8,661	A1.	1	8.55	8.55	XXXX
					A1.	19	88.48	89.19	
					A1.	27	0.08	0.09	
21) ZIVNOSTENSKA BANKA A.S.	Prague	1	92,105	8,084	A1.	1	97.70	97.70	XXXX
22) BANQUE MONEGASQUE DE GESTION S.A.	Monaco (Montecarlo)	1	14,088	1,067	A1.	4	100.00	100.00	XXXX
23) BANK PEKAO (UKRAINA) LTD	Luck	1	6,816	-104	A1.	14	78.55	78.55	XXXX
					A1.	98	21.45	21.45	XXXX
24) PRVA STAMBENA STEDIONICA D.D.	Zagreb	1	7,174	346	A1.	19	100.00	100.00	XXXX
25) UNICREDIT (SUISSE) BANK S.A.	Lugano	1	16,998	1,459	A1.	4	100.00	100.00	XXXX
26) UNIVERSAL BANKA D.D.	Sarajevo	1	23,671	4,117	A1.	19	99.67	99.67	XXXX
27) VARAZDINSKA BANKA D.D.	Varazdin	1	83,297	10,729	A1.	19	93.80	93.80	XXXX
28) ING SVILUPPO FINANZIARIA SpA (now SVILUPPO FINANZIARIA SpA)	Milan	1	58,103	-1,940	A1.	1	100.00	100.00	XXXX
29) LOCAT S.p.A	Bologna	1	353,405	61,567	A1.	1	94.90	94.90	XXXX

### 3.1 Significant equity investments (continued)

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP <sup>1</sup>	SHARE-HOLDERS' EQUITY** € '000	PROFIT/LOSS**A € '000	RELATIONSHIP		% STAKE	% VOTING RIGHTS AT A.G.M.	BOOK VALUE
					PARENT COMPANY				
30) PIONEER GLOBAL ASSET MANAGEMENT S.p.A	Milan	1	1,357,976	170,343	A1.	1	100.00	100.00	XXXX
31) UNIRISCOSSIONI SpA	Turin	1	34,415	19,748	A1.	1	100.00	100.00	XXXX
32) BAC FIDUCIARIA SpA	Dogana Repubblica di San Marino	1	1,566	21	A1.	56	100.00	100.00	XXXX
33) CORDUSIO Società Fiduciaria per Azioni	Milan	1	5,122	3,605	A1.	4	100.00	100.00	XXXX
34) CREDITRAS PREVIDENZA – Società per Azioni di Intermediazione Mobiliare	Milan	4	2,621	-191	A1.	2	50.00	50.00	XXXX
35) FIDA SIM SpA	Turin	1	1,484	-42	A1.	1	100.00	100.00	XXXX
36) FRT – FIDUCIARIA RISPARMIO TORINO SIM SpA	Turin	1	2,985	675	A1.	2	100.00	100.00	XXXX
37) GRIFOFACTOR SpA	Perugia	1	8,685	535	A1.	10	100.00	100.00	XXXX
38) ING INVESTMENT MANAGEMENT ITALIA S.G.R. SpA (now PIXEL INVESTMENT MANAGEMENT SGRpA)	Milan	1	14,578	-655	A1.	28	100.00	100.00	XXXX
39) ING SVILUPPO FIDUCIARIA SIM SpA (now SVILUPPO FIDUCIARIA SIM SpA)	Milan	1	1,851	-164	A1.	28	100.00	100.00	XXXX
40) ING SVILUPPO INVESTIMENTI SIM SpA (now SVILUPPO INVESTIMENTI SIM SpA)	Milan	1	-1,592	-24,851	A1.	28	100.00	100.00	XXXX
41) PIONEER ALTERNATIVE INVESTMENT MANAGEMENT S.G.R.p.A	Milan	1	4,935	-594	A1.	30	100.00	100.00	XXXX
42) PIONEER INVESTMENT MANAGEMENT S.G.R.p.A.	Milan	1	107,616	35,633	A1.	30	100.00	100.00	XXXX
43) QUERCIA FUNDING Srl	Verona	1	10	..	A1.	3	65.00	65.00	XXXX
44) UNICREDIT PRIVATE ASSET MANAGEMENT S.G.R.p.A. (formerly ROLO PIONEER S.G.R.p.A.)	Bologna	1	9,892	630	A1.	4	100.00	100.00	XXXX
45) S+R INVESTIMENTI E GESTIONI S.g.r.p.A.	Milan	1	5,625	653	A1.	3	100.00	100.00	XXXX
46) UNICREDIT FACTORING SpA	Milan	1	45,010	258	A1.	3	100.00	100.00	XXXX
47) CARIVERONA IRELAND Plc.	Dublin	1	212,792	6,122	A1.	1	100.00	100.00	XXXX
48) CR TRIESTE IRELAND LTD	Dublin	1	38,944	733	A1.	1	100.00	100.00	XXXX
49) DEMIR ROMLEASE S.A. (now UNICREDIT LEASING ROMANIA S.A.)	Bucharest	1	5,216	1,096	A1.	1	100.00	100.00	XXXX
50) TYRERESCOM LTD	Dublin	1	22,950	1,135	A1.	1	100.00	100.00	XXXX
51) UNICREDIT DELAWARE Inc.	Dover	1	105	9	A1.	1	100.00	100.00	XXXX
52) UNICREDITO ITALIANO FUNDING LLC I	Dover	1	2	..	A1.	1	100.00	100.00	XXXX
53) UNICREDITO ITALIANO FUNDING LLC II	Dover	1	2	..	A1.	1	100.00	100.00	XXXX
54) UNICREDITO ITALIANO CAPITAL TRUST I	Newark	1	1	..	A1.	1	100.00	100.00	XXXX
55) UNICREDITO ITALIANO CAPITAL TRUST II	Newark	1	1	..	A1.	1	100.00	100.00	XXXX
56) BANCA AGRICOLA COMMERCIALE DELLA REPUBBLICA DI S. MARINO S.A.	Borgo Maggiore (San Marino)	1	103,620	13,001	A1.	4	85.35	85.35	XXXX
57) DEMIR SECURITIES ROMANIA S.A.	Bucharest	1	28	7	A1.	16	99.00	99.00	XXXX
58) EURO CAPITAL STRUCTURES LTD	Dublin	1	3,205	826	A1.	6	100.00	100.00	XXXX
59) LOCAT LEASING CROATIA D.O.O.	Zagreb	1	747	177	A1.	29	100.00	100.00	XXXX
60) PIONEER ALTERNATIVE INVESTMENTS MANAGEMENT (BERMUDA) LTD (formerly MOMENTUM HOLDINGS LTD)	Bermuda	1	1,606	-161	A1.	30	100.00	100.00	XXXX
61) PIONEER ALTERNATIVE INVESTMENTS (ISRAEL) LTD (formerly SPECIAL FUND MARKETING ISRAEL LTD)	Raanan. Israel	1	206	193	A1.	30	100.00	100.00	XXXX



### 3.1 Significant equity investments (continued)

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP <sup>1</sup>	SHARE-HOLDERS' EQUITY** € '000	PROFIT/LOSS***A € '000	RELATIONSHIP		% VOTING RIGHTS AT A.G.M.	BOOK VALUE	
					PARENT COMPANY	% STAKE			
62) PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LTD (formerly MOMENTUM AUSTRALIA (PTY) LTD)	Melbourne	1	636	115	A1.	30	100.00	100.00	XXXX
63) PIONEER GLOBAL INVESTMENTS (HK) LTD (formerly MOMENTUM ASIA (HONG KONG) LTD)	Hong Kong	1	1,797	137	A1.	30	100.00	100.00	XXXX
64) KI7(7) LIMITED	London	1	577	..	A1.	30	100.00	100.00	XXXX
65) PIONEER ALTERNATIVE INVESTMENTS UK LTD (formerly MOMENTUM UK LTD)	London	1	1,265	478	A1.	64	100.00	100.00	XXXX
66) PIONEER ALTERNATIVE INVESTMENTS (NEW YORK) LTD (formerly MOMENTUM NEW YORK LTD)	Dover, Delaware	1	42	36	A1.	30	100.00	100.00	XXXX
67) PIONEER ALTERNATIVE INVESTMENT MANAGEMENT LTD	Dublin	1	13,821	10,948	A1.	30	100.00	100.00	XXXX
68) PIONEER ASSET MANAGEMENT S.A. (formerly PIONEER INSTITUTIONAL INVESTMENT MANAGEMENT S.A.)	Luxembourg	1	9,858	9,503	A1.	30	100.00	100.00	XXXX
69) PIONEER INVESTMENT MANAGEMENT LTD	Dublin	1	162,177	139,683	A1.	30	100.00	100.00	XXXX
70) PIONEER INVESTMENT MANAGEMENT USA Inc.	Delaware	1	877,791	-5,863	A1.	30	100.00	100.00	XXXX
71) CENTRALNY DOM MAKLECKI PEKAO S.A.	Warsaw	1	51,084	7,821	A1.	14	100.00	100.00	XXXX
72) LEASING FABRYCZNY SP.ZO.O	Lublin	1	8,977	428	A1.	14	100.00	100.00	XXXX
73) PEKAO PIONEER PTE S.A.	Warsaw	1	4,242	1,670	A1.	14	65.00	65.00	XXXX
					A1.	30	35.00	35.00	
74) PEKAO FAKTORING SP.ZO.O	Lublin	1	9,431	718	A1.	14	100.00	100.00	XXXX
75) PEKAO FUNDUSZ KAPITAŁOWY SP.ZO.O	Lodz	1	10,977	-432	A1.	14	100.00	100.00	XXXX
76) PEKAO LEASING SP.ZO.O	Warsaw	1	-2,220	-18,753	A1.	72	100.00	100.00	XXXX
77) PIONEER PEKAO INVESTMENT MANAGEMENT S.A.	Warsaw	1	16,135	4,074	A1.	14	49.00	49.00	XXXX
					A1.	30	51.00	51.00	
78) PIONEER PEKAO TFI	Warsaw	1	10,544	4,198	A1.	77	100.00	100.00	XXXX
79) PIONEER CZECH FINANCIAL COMPANY Sro	Prague	1	622	356	A1.	30	100.00	100.00	XXXX
80) PIONEER CZECH INVESTMENT COMPANY A.S.	Prague	1	1,459	226	A1.	30	100.00	100.00	XXXX
81) PIONEER FONDS MARKETING GMBH	Munich	1	3,365	675	A1.	30	100.00	100.00	XXXX
82) PIONEER FUNDS DISTRIBUTOR INC.	Boston	1	25,582	-3,381	A1.	84	100.00	100.00	XXXX
83) PIONEER GLOBAL FUNDS DISTRIBUTOR Ltd	Hamilton	1	339	207	A1.	30	100.00	100.00	XXXX
84) PIONEER INVESTMENT MANAGEMENT INC.	Wilmington	1	865,696	-61,147	A1.	70	100.00	100.00	XXXX
85) PIONEER GLOBAL INVESTMENTS LTD.	Dublin	1	8,534	-4,721	A1.	30	100.00	100.00	XXXX
86) PIONEER INVESTMENT MANAGEMENT SHAREHOLDER SERVICES INC.	Boston	1	38,070	3,164	A1.	70	100.00	100.00	XXXX
87) XELION DORADCY FINANSOWI SP.ZO.O. (formerly PEKAO INFORMATYKA SP.ZO.O)	Lodz	1	7,571	-3,087	A1.	1	50.00	50.00	XXXX
					A1.	14	50.00	50.00	XXXX
88) ZB - ASSET MANAGEMENT A.S.	Prague	1	602	-155	A1.	30	100.00	100.00	XXXX
89) ZB INVEST D.O.O.	Zagreb	1	973	209	A1.	19	100.00	100.00	XXXX
90) ZB - TRUST INVESTICNI SPOLECNOST A.S.	Prague	1	1,768	-215	A1.	21	100.00	100.00	XXXX

### 3.1 Significant equity investments (continued)

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP <sup>1</sup>	SHARE-HOLDERS' EQUITY** € '000	PROFIT/LOSS*** € '000	RELATIONSHIP		% VOTING RIGHTS AT A.G.M.	BOOK VALUE € '000	
					PARENT COMPANY	% STAKE			
91) CORDUSIO IMMOBILIARE SpA	Milan	1	314,904	50,838	A1.	1	100.00	100.00	XXXX
92) UNICREDIT AUDIT SpA	Milan	1	140	39	A1.	1	100.00	100.00	XXXX
93) UNICREDIT PRODUZIONI ACCENTRATE SpA	Milan	1	8,729	2,876	A1.	1	99.01	99.01	XXXX
					A1.	10	0.99	0.99	
94) UNICREDIT REAL ESTATE SpA	Milan	1	18,416	7,776	A1.	1	100.00	100.00	XXXX
95) UNICREDIT SERVIZI INFORMATIVI SpA	Milan	1	59,843	5,665	A1.	1	100.00	100.00	XXXX
96) QUERCIA SOFTWARE SpA	Verona	1	6,955	2,787	A1.	95	100.00	100.00	XXXX
97) TRIVIMM Srl (formerly TRIVIMM SpA)	Verona	1	756	-28	A1.	1	29.00	29.00	XXXX
					A1.	7	48.00	48.00	
98) DRUKBANK SP.ZO.O	Zamosc	1	2,865	3	A1.	14	100.00	100.00	XXXX
99) POMINVEST D.D.	Split	1	2,660	38	A1.	19	88.66	88.95	XXXX
100) ZAGREB NEKRETNINE D.O.O.	Zagreb	1	2,062	264	A1.	19	100.00	100.00	XXXX
A.2 Proportional method									
1) ORBIT ASSET MANAGEMENT LIMITED	Bermuda	7	142	80	A1.	60	50.00	50.00	XXXX
2) KOÇ FINANSAL HIZMETLER A.S.	Istanbul	7	507,852	17,280	A1.	1	50.00	50.00	XXXX
3) KOÇBANK A.S.	Istanbul	7	294,472	54,427	A2.	2	49.54	49.54	XXXX
4) KOÇLEASE - KOÇ FINANSAL KIRALAMA A.S.	Istanbul	7	94,908	38,309	A2.	2	49.50	49.50	XXXX
5) KOÇFAKTOR - KOÇ FAKTORING HIZMETLERI A.S.	Istanbul	7	10,791	2,159	A2.	2	49.97	49.97	XXXX
6) KOÇ YATIRIM MENKUL DEGERLER A.S.	Istanbul	7	38,587	7,651	A2.	2	44.96	44.96	XXXX
					A2.	3	4.95	4.95	
7) KOÇBANK NEDERLAND N.V.	Amsterdam	7	77,603	5,386	A2.	2	50.00	50.00	XXXX
8) KOÇ PORTFOY YONETIMI A.S.	Istanbul	7	12,502	10,903	A2.	6	49.89	49.89	XXXX
					A2.	3	..	..	
9) KOÇBANK (AZERBAIJAN) LTD	Azerbaijan	7	1,311	378	A2.	2	39.90	39.90	XXXX
					A2.	4	..	..	
					A2.	6	..	..	
B. EQUITY INVESTMENTS VALUED WITH THE NET EQUITY METHOD									
1) BANCA CASSA DI RISPARMIO DI SAVIGLIANO SpA	Savigliano (CN)	8	55,154	2,401	A1.	1	31.01	31.01	17,043
2) CASSA DI RISPARMIO DI BRA SpA	Bra (CN)	8	45,933	2,700	A1.	1	31.02	31.02	14,252
3) CASSA DI RISPARMIO DI FOSSANO SpA	Fossano (CN)	8	72,220	3,880	A1.	1	23.08	23.08	16,666
4) CASSA DI RISPARMIO DI SALUZZO SpA	Saluzzo (CN)	8	64,097	4,795	A1.	1	31.02	31.02	19,873
5) COMMERCIAL UNION VITA SpA	Milan	8	346,023	13,136	A1.	2	49.00	49.00	169,551
6) Conorzio CA.RI.CE.SE	Bologna	8	1,624	..	A1.	1	33.23	33.23	539
					A1.	2	0.07	0.07	1
					A1.	3	0.07	0.07	1
					A1.	4	0.07	0.07	1
					A1.	9	0.07	0.07	1
					A1.	10	0.03	0.03	1
					A1.	12	0.07	0.07	1
					A1.	56	0.17	0.17	3

## 3.1 Significant equity investments (continued)

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP <sup>1</sup>	SHARE-HOLDERS' EQUITY** € '000	PROFIT/LOSS**A € '000	PARENT COMPANY	RELATIONSHIP %	% VOTING RIGHTS AT A.G.M.	BOOK VALUE € '000
7) CREDITRAS ASSICURAZIONI SpA	Milan	8	7,191	297	A1.	2	50.00	3,805
8) CREDITRAS VITA SpA	Milan	8	349,093	8,609	A1.	2	50.00	180,992
9) FIDIA – Fondo Interbancario d'Investimento Azionario S.G.R.SpA	Milan	8	15,857	-259	A1.	1	25.00	3,964
10) GRIFO INSURANCE BROKERS Srl	Perugia	8	373	71	A1.	10	38.41	143
11) I-FABER SpA	Milan	1	7,210	-6,242	A1.	3	65.32	4,710
12) IMMOBILIARE LOMBARDA SpA	Milan	8	96,487	-5,478	A1.	1	11.16	10,606
					A1.	3	19.81	18,826
13) ING AGENZIA ASSICURATIVA SpA (now XAA AGENZIA ASSICURATIVA SpA)	Milan	1	1,998	-97	A1.	28	100.00	2,754
14) ING EMPLOYEE BENEFITS SpA (now EMPLOYEE BENEFITS SpA)	Milan	1	4,074	-74	A1.	28	100.00	5,090
15) LISEURO SpA	Udine	8	3,625	143	A1.	1	35.11	1,382
16) LOCAT RENT SpA	Milan	4	9,266	28	A1.	29	50.00	4,633
17) ON INVESTMENT SERVICES Srl	Milan	1	-16	-69	A1.	1	100.00	..
18) SELEZIONE TERZA Srl	Milan	8	1,024	990	A1.	1	50.00	512
19) SYNESIS FINANZIARIA SpA	Turin	8	376,733	5,995	A1.	1	25.00	94,185
20) SOCIETA' FRIULANA ESAZIONE TRIBUTI S.F.E.T. SpA	Udine	8	4,111	15	A1.	1	33.33	1,370
21) S.T.T. SpA	Verona	1	7,450	748	A1.	1	56.67	4,222
22) SVILUPPO NORD-OVEST S.G.R.p.A.	Turin	1	1,419	-55	A1.	3	80.00	1,135
23) UNICREDIT ASSICURA Srl (formerly UNICREDITASSICURA S.r.l.)	Milan	1	3,365	2,213	A1.	2	100.00	3,365
24) UNICREDIT BROKER SpA (formerly BROKER CREDIT SpA)	Milan	1	2,099	217	A1.	3	100.00	2,098
25) UNICREDIT CONSULTING Srl	Milan	1	362	260	A1.	4	100.00	361
26) UNICREDIT ENERGIA S.C.R.L.	Milan	1	10	..	A1.	1	96.00	10
27) UNICREDIT INTERNATIONAL SERVICES UNICIIS Srl	Rome	1	23	-18	A1.	3	97.42	23
28) UNICREDIT SERVICELAB SpA	Milan	1	2,761	-2,970	A1.	3	100.00	2,736
29) UNI IT Srl	Lavis (TN)	1	868	-544	A1.	93	51.00	176
30) TLX SpA	Milan	1	4,868	..	A1.	13	100.00	4,868
31) VIVACITY SpA	Rome	1	1,642	-14,066	A1.	2	100.00	1,642
32) VENTURA FINANCE SpA	Turin	1	540	-131	A1.	3	99.40	538
33) AGROCONS CENTRUM A.S. (in liquidation)	Bratislava	1	399	..	A1.	17	82.55	451
34) ALLIANZ ZAGREB DIONICKO DRUSTVO ZA OSIGURANJE	Zagreb	3	10,959	640	A1.	19	47.95	5,254
35) ALLIANZ ZB D.O.O DRUSTVO ZA UPRAVLJANJE OBVEZNIM MIROVINSKIM FONDOM	Zagreb	3	10,372	3,684	A1.	19	49.00	5,082
36) ALLIANZ ZB D.O.O DRUSTVO ZA UPRAVLJANJE DOBOVOLJNIM MIROVINSKIM FONDOM	Zagreb	3	1,580	-313	A1.	19	49.00	774
37) ANICA SYSTEM S.A.	Lublin	8	1,773	436	A1.	75	33.84	599

## 3.1 Significant equity investments (continued)

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP <sup>1</sup>	SHARE-HOLDERS' EQUITY** € '000	PROFIT/LOSS**A € '000	RELATIONSHIP PARENT COMPANY	% STAKE	% VOTING RIGHTS AT A.G.M.	BOOK VALUE € '000
38) BDK CONSULTING LTD	Luck	1	459	-79	A1.	23	99.99	322
39) CENTAR GRADSKI PODRUM D.O.O.	Zagreb	1	6,730	12	A1.	19	100.00	6,730
40) CENTAR KAPTOL D.O.O.	Zagreb	1	3,465	811	A1.	19	100.00	3,465
41) CENTRAL POLAND FUND LLC	Wilmington	1	3,467	79	A1.	14	53.19	1,069
42) CENTRUM KART S.A.	Warsaw	1	5,710	14	A1.	14	100.00	121
43) E2E INFOTECH LTD	London	8	298	86	A1.	13	34.00	101
44) FABRYKA MASZYN SP.ZO.O.	Janov Lubelski	1	4,961	14	A1.	75	86.68	3,224
45) FABRYKA SPRZETU OKRETOWEGO "MEBLOMOR" S.A.	Czarnkow	8	1,782	171	A1.	75	23.81	289
46) GRUPA INWESTYCYJNA NYWIG S.A.	Warsaw	8	1,907	21	A1.	14	24.60	469
47) HOTEL JAN III SOBIESKI SP.ZO.O.	Warsaw	8	..	..	A1.	14	37.50	..
48) IKB CORPORATELAB S.A.	Luxembourg	7	10,627	627	A1.	6	50.00	5,314
49) ISTRATURIST UMAG HOTELIJERSTVO I TURIZAM D.D.	Umag	1	78,254	5,923	A1.	19	71.80	56,186
50) JUPITER NFI S.A.	Warsaw	8	48,364	-11,014	A1.	14	37.43	18,103
51) KOÇ ASSET MANAGEMENT S.A.	Geneva	7	-790	-394 *	A2.	7	50.00	..
52) KRAJOWA IZBA ROZLICZENIOWA S.A.	Warsaw	8	15,888	5,072	A1.	14	22.96	3,648
53) LIPA D.D.	Novi Marof	1	2,814	134	A1.	27	55.00	1,547
54) MARKETING ZAGREBACKE BANKE D.O.O.	Zagreb	1	664	-44	A1.	19	100.00	664
55) MASTERS S.A.	Legnica	8	1,333	-493	A1.	75	33.81	446
56) OT FINANCIAL SERVICES NOMINEES LIMITED	London	1	..	..	A1.	65	100.00	..
57) PEKAO ACCESS SP.ZO.O. (formerly Access Sp.Zo.O.)	Warsaw	1	543	4	A1.	14	55.26	300
58) PEKAO DEVELOPMENT SP.ZO.O.	Warsaw	1	8,209	465	A1.	14	100.00	8,210
59) PEKAO FINANCIAL SERVICES SP.ZO.O.	Warsaw	1	3,008	732	A1.	14	100.00	1,519
60) PIONEER CONSULTING SERVICES S.A.	Warsaw	1	..	..	A1.	70	100.00	..
61) POLONIT SP.ZO.O.	Lodz	1	2,144	-210	A1.	75	80.85	1,267
62) S.S.I.S. SOCIETA' SERVIZI INFORMATICI SAMMARINESE SpA	Borgo Maggiore (San Marino)	8	559	30	A1.	56	50.00	280
63) TOMTEX S.A.	Tomaszów Mazowiecki	8	2,849	-47	A1.	75	30.64	408
64) TRADINGLAB INC.	New York	1	1,224	-2,793	A1.	13	100.00	1,224
65) TRINITY MANAGEMENT SP.ZO.O.	Warsaw	4	3,462	126	A1.	14	50.00	1,731
66) UPI POSLOVNI SISTEM D.O.O.	Sarajevo	1	1,811	36	A1.	26	51.35	929
67) ZABA TURIZAM d.o.o.	Zagreb	1	237	112	A1.	19	100.00	237
68) ZANE BH D.O.O.	Sarajevo	1	190	85	A1.	100	100.00	189
69) ZASLAW ZPIN	Zagorz	1	-884	-998	A1.	75	86.20	..
70) ZIVNOSTENSKA FINANCE B.V.	Amsterdam	1	62	-8	A1.	21	100.00	..
<b>C. OTHER SIGNIFICANT EQUITY INVESTMENTS</b>								
1) ARGENTEA SpA	Trento	8	651	82	A1.	1	26.00	72
2) AUGES SpA SIM (in liquidation)	Verona	1	88	-111	A1.	1	100.00	72
3) Autostrada BS-VR-VI-PD SpA	Verona	8	316,452	16,866	A1.	1	20.30	..
4) CASSA DI LIQUIDAZIONE E GARANZIA SpA	Trieste	8	1,525	13	A1.	1	24.61	199

### 3.1 Significant equity investments (continued)

NAME	MAIN OFFICE	TYPE OF RELATIONSHIP <sup>1</sup>	SHARE-HOLDERS' EQUITY** € '000	PROFIT/LOSS**A € '000	RELATIONSHIP		% VOTING RIGHTS AT A.G.M.	BOOK VALUE € '000
					PARENT COMPANY	% STAKE		
5) CASSA E ASSICURAZIONI SpA (in liquidation)	Verona	1	168	-8	A1.	1	65.00	117
6) CONRIT SERVIZI Srl	Turin	1	20	..	A1.	31	100.00	21
7) CONSORTIUM SRL	Milan	8	661,533	-2,881	A1.	1	25.70	170,029
8) INIZIATIVE URBANE SpA	Trento	8	7,948	-486	A1.	1	27.78	2,208
9) MEDIOINVEST Srl	Perugia	1	9,332	19	A1.	10	100.00	9,296
10) RI.PO. Srl	Turin	1	3,331	1,665	A1.	5	99.99	..
11) SERIN Srl	Trento	8	79	12	A1.	1	20.00	20
12) SE.TEL. SERVIZI TELEMATICI	Naples	8	5	1	A1.	96	33.33	2
13) AGROINVEST FPS (in liquidation)	Bratislava	1	124	-57	A1.	17	100.00	..
14) CPF MANAGEMENT	British Virgin Island	8	..	..	A1.	14	40.00	..
15) HUR EMLAK INS TIC AS	Istanbul	7	94	-7 *	A2.	3	49.53	1,782
16) KOÇ KULTUR SANAT TANITIM A.S.	Istanbul	7	340	6 *	A2.	7	22.55	19
				1 *	A2.	4	2.43	2
				1 *	A2.	6	2.45	3
17) PEKAO USLUGI KORPORACYJNE S.A.	Warsaw	1	39	-6	A1.	14	100.00	..
18) PEKAO IMMOBILIER SARL	Paris	1	2	-4	A1.	14	100.00	15
19) PPOW TOLMICKO SP.ZO.O.	Tolkmicko	1	-35	-12	A1.	75	62.78	..
20) PRACOWNICZE TOWARZYSTWO EMERYTALNE S.A.	Warsaw	1	21	..	A1.	71	98.92	21

A. Amount already included in "Shareholders' equity" in the previous column.

\* Pro-quota of our interest.

\*\* For consolidated subsidiaries capital figures given correspond to those used in consolidation.

Type of relationship:

1 = control pursuant to para. 1 clause 1 of Article 2359 of the Civil Code (majority of voting rights at ordinary shareholders' meetings)

2 = control pursuant to para. 1, clause 2 of Article 2359 of the Civil Code (dominant influence at ordinary shareholders' meetings);

3 = control pursuant to para. 2, clause 1 of Article 23 of the Consolidation Act (agreements with other shareholders);

4 = other types of control;

5 = centralised management pursuant to para. 1 of Article 26 of the "decree";

6 = centralised management pursuant to para. 2 of Article 26 of the "decree";

7 = joint control;

8 = affiliated company.

## Other equity investments

Among the other equity investments held by UniCredito Italiano and by its direct and indirect subsidiaries, below we report those that are most significant in terms of investment amount and/or the percentage held (greater than 10%):

€ '000

NAME OF AFFILIATE	MAIN OFFICE	% ORDINARY CAPITAL HELD	PARENT COMPANY	BOOK VALUE
1 Assicurazioni Generali SpA	Trieste	3.5	A1.1	977,206
2 Olimpia SpA	Milan	8.4	A1.1	584,768
3 MEDIOBANCA Banca di Credito Finanziario SpA	Milan	7.8	A1.1	410,686
4 EDIPOWER SpA	Milan	10.0	A1.1	200,134
5 Schemaventotto SpA	Moncalieri (TO)	6.7	A1.1	88,486
6 Borsa Italiana SpA	Milan	11.1	A1.1	48,363
		0.8	A1.6	7,514
7 Banca d'Italia	Rome	10.8	A1.1	46,513
		0.1	A1.10	5,619
		0.1	A1.11	2,766
8 Infracom Italia SpA (formerly Serenissima Infracom SpA)	Verona	11.2	A1.1	34,323
9 IKB Deutsche Industriebank Aktiengesellschaft	Dusseldorf	2.0	A1.1	28,972
10 RCS MediaGroup SpA (formerly HdP SpA)	Milan	0.9	A1.1	18,198
11 FINAOSTA SpA - Finanziaria Regionale V.Aosta	Aosta	10.7	A1.1	10,342
12 Fincantieri Cantieri Navali Italiani SpA	Trieste	3.0	A1.1	10,329
13 Cedacri SpA (formerly Cedacrinord SpA)	Collecchio (PR)	6.1	A1.1	6,714
		6.1	A1.11	1,865
14 Wschodni Bank Cukrownictwa S.A.	Lublin	19.8	A1.14	8,343
15 Mediocredito Trentino Alto Adige SpA	Trento	9.4	A1.1	7,130
16 Banque Commerciale du Maroc	Casablanca	3.0	A1.1	5,588
17 Centro Leasing SpA	Firenze	5.2	A1.1	5,552
18 FINPIEMONTE SpA Istituto Fin. Reg. Piemontese	Turin	12.2	A1.1	5,441
		0.3	A1.5	89
19 Carisma SpA	Milan	3.1	A1.3	4,537
20 Centrale dei Bilanci Srl Società per gli Studi	Turin	10.0	A1.1	4,522
21 Istituto Europeo di Oncologia Srl	Milan	7.5	A1.1	4,208
22 Veneto Sviluppo	Venezia	15.3	A1.1	3,134
23 BANKSIEL - Società di Informatica e Organizzazione	Milan	7.0	A1.1	3,090
24 Società per il Mercato dei Titoli di Stato - MTS SpA	Rome	5.0	A1.1	2,827
25 FINEST SpA	Pordenone	2.0	A1.1	2,713
26 Società per le Imprese all'Estero - SIMEST SpA	Rome	1.8	A1.1	2,624
27 Orel_G Holding	Sofia	19.3	A1.15	2,609
28 EUROVITA - Italcasse Assicurazioni S.p.A	Rome	2.7	A1.11	1,276
		2.7	A1.10	1,320
29 Unibon Salumi S.C.a.r.l.	Modena	2.8	A1.1	1,549
		1.7	A1.11	1,033
30 Lingotto SpA	Turin	17.0	A1.1	2,040
31 Servizi Interbancari SpA (now Cartasì SpA)	Rome	9.1	A1.1	1,878
		0.1	A1.10	34

Other equity investments: (continued)

€ '000

NAME OF AFFILIATE	MAIN OFFICE	% ORDINARY CAPITAL HELD	PARENT COMPANY	BOOK VALUE
32 CLS Group Holdings A.G.	Zurich	1.4	A1.1	1,636
33 B. Group SpA (formerly Compagnia Iniziative Mobiliari)	Milan	5.6	A1.1	1,575
34 Credifarma SpA	Rome	17.0	A1.1	1,291
35 S.Paolo-Imi SpA (formerly Cardine Banca SpA)	Turin	0.0	A1.11	1,265
36 Interporto Bologna SpA	Bologna	8.1	A1.1	1,156
37 Trentino Servizi SpA	Rovereto (Tn)	2.0	A1.1	1,094
38 Compagnia Investimenti e Sviluppo CIS. SpA	Villafranca (VE)	4.0	A1.1	1,045
39 Finanziaria Regionale Friuli Venezia Giulia FRIULIA SpA	Trieste	2.0	A1.1	1,023
40 Credito Agricolo Italiano SpA	Rome	7.5	A1.10	1,017
41 Finanziaria Regionale per lo Sviluppo del Molise FINMOLISE SpA	Campobasso	11.8	A1.1	1,001
42 METIS SpA	Milan	12.5	A1.1	862
43 Capitale e Sviluppo SpA	Perugia	19.5	A1.10	807
44 Società per i Servizi Bancari - SSB SpA	Milan	13.2	A1.1	650
		0.1	A1.10	1
		..	A1.11	..
45 Biuro Informacji Kredytowej S.A.	Warsaw	15.0	A1.14	494
46 SCONTOFIN SpA	Luxembourg	15.0	A1.3	387
47 Val Rendena Funivie SpA	Pinzolo (TN)	10.7	A1.1	382
48 Fabryka Wyrobów Frotowych i Kocowych "Zwoltex" S.A	Zdunska Wola	11.7	A1.75	343
49 Società Regionale di Garanzia Marche Soc. Coop. r.l.	Ancona	11.7	A1.1	338
50 Società Aree Industriali ed Artigianali S.A.I.A. SpA	Verbania	10.0	A1.1	232
51 PROFINGEST (consortium)	Bologna	12.9	A1.1	130
52 WIMA	Lodz	12.2	A1.75	104
53 Health Insurance Company Zakrila AD	Sofia	10.0	A1.15	102
54 S.A.S.E. SpA	Perugia	11.4	A1.10	77
55 Vadelî İslimler Egidim Danismanlık A.S.	Izmir	10.0	A2.3	73
56 Sentieri Vivi Srl	Trento	10.0	A1.1	60
57 Idea Group SpA	Bergamo	10.8	A1.1	38
58 Sebi SpA	Perugia	15.8	A1.10	28
59 Treviso Global Scarl	Treviso	10.0	A1.1	10
60 Borsa Merci Trieste SpA	Trieste	10.0	A1.1	9
61 Aurora Private Equity Management Company S.A.	Luxembourg	10.0	A1.1	3
62 Beofinest a.d.	Belgrado	18.8	A1.1	..
63 Società della Ferrovia Friulana SpA (in liquidation)	Gorizia	18.6	A1.1	..
64 Banque Galliere S.A. (in liquidation)	Paris	17.5	A1.1	..
65 Giraglia Immobiliare SpA	Milan	17.2	A1.3	..
66 S.I.CRE.F. Srl (in liquidation)	Verona	16.0	A1.1	..
67 Skillpass SpA	Rome	12.5	A1.1	..
68 I Gemelli di S. Benigno Srl (in liquidation)	Genoa	12.2	A1.3	..
69 Przedsiębiorstwo Poligraficzno Wydawnicze Uniprom S.A.	Warsaw	10.6	A1.75	..

"Significant interest based on investment amount" means a book value of more than one million euros.



### 3.2 Credit and debit positions with Group companies

### 3.3 Credit and debit positions with associated companies (other than Group companies)

€ '000

	CREDIT AND DEBIT POSITIONS WITH GROUP COMPANIES		CREDIT AND DEBIT POSITIONS WITH ASSOCIATED COMPANIES	
	AMOUNTS AS AT		AMOUNTS AS AT	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
<b>a) Assets</b>				
1. Loans to banks	-	-	3,088,222	2,669,908
<i>of which: subordinated portion</i>	-	-	-	-
2. Loans to financial institutions	-	7,805	1,621,780	1,479,659
<i>of which: subordinated portion</i>	-	-	5,603	7,333
3. Loans to other customers	119,234	119,632	678,010	1,000,047
<i>of which: subordinated portion</i>	-	-	-	-
4. Bonds and other debt securities	-	-	457,733	382,119
<i>of which: subordinated portion</i>	-	-	10,738	14,428
<b>Total assets</b>	<b>119,234</b>	<b>127,437</b>	<b>5,845,745</b>	<b>5,531,733</b>
<b>b) Liabilities</b>				
1. Due to banks	-	-	6,468,608	1,442,295
2. Due to financial institutions	13,182	3,322	239,133	171,871
3. Due to other customers	42,252	178,071	403,534	485,733
4. Securities in issue	-	-	1,160	-
5. Subordinated debt	-	-	-	-
<b>Total liabilities</b>	<b>55,434</b>	<b>181,393</b>	<b>7,112,435</b>	<b>2,099,899</b>
<b>c) Guarantees and commitments</b>				
1. Guarantees given	8,876	14,057	267,803	496,791
2. Commitments	14,824	13,387	185,779	312,473
<b>Total Guarantees and Commitments</b>	<b>23,700</b>	<b>27,444</b>	<b>453,582</b>	<b>809,264</b>

The assets, liabilities, guarantees and commitments outstanding as at 31 December 2003 with Group companies that are not fully consolidated, and those with companies subject to significant influence, based on the stake held, break down as follows:

€ '000

GROUP COMPANIES	ASSETS	LIABILITIES	GUARANTEES	COMMITMENTS
<b>1) Transactions with banks</b>	-	-	-	-
<b>2) Transactions with financial institutions</b>				
Auges SpA (in liquidation)	-	210	-	-
Pekao Financial Services Sp Zo.o	-	867	-	213
Pekao Usługi Korporacyjne S.A.	-	10,065	-	-
Sviluppo Nord Ovest S.G.R.p.A.	-	1,467	-	-
Ventura Finance SpA	-	573	-	-
	-	<b>13,182</b>	-	<b>213</b>
<b>3) Transactions with other customers</b>				
Pekao Access Sp.Zo.o	-	263	21	-
BDK Consulting	1	-	-	-
UniCredit Broker Credit SpA	2	3,648	-	-
Cassa e Assicurazioni SpA (in liquidation)	-	110	-	-
Centar Gradski Podrum d.o.o.	-	110	-	-
Central Kaptol d.o.o.	23,728	241	-	1,790
CONRIT Servizi Srl	-	13	-	-
UniCredit Energia S.C.R.L.	-	6	-	-
Fabryka Maszyn Sp.Zo.o. (formerly HSW FMJ Sp.zo.o.)	-	52	-	-
I-Faber SpA	-	517	610	-
Istraturist Umag Hotelijerstvo I Turiza	6,107	293	716	2,699
Lipa d.d.	-	256	-	-
Locat Rent SpA	71,158	1,320	247	-
Marketing Zagrebacke Bamke d.o.o.	-	579	-	15
On Investment Services Srl	1	142	-	-
Pekao Development SP. Z.o.o.	8,776	3,047	-	10,107
Polonit Sp.zo.o	106	-	-	-
Ri.PO. Srl	8,016	1,444	7,200	-
S.T.T. S.p.a	-	6,064	-	-
TLX SpA	-	4,189	28	-
Trinity Management Sp. zo.o	-	1,085	-	-
UniCredit Consulting Srl	-	505	-	-
UniCredit ServiceLab SpA	-	3,534	-	-
UniCredit International Services UNICIIS Srl	-	17	-	-
UniCredit Assicura Srl	1,335	13,205	-	-
UNI IT Srl	-	722	-	-
Vivacity SpA	-	616	54	-
Zaslaw ZPIN Sp.zo.o	4	-	-	-
Zane BH d.o.o.	-	86	-	-
Zaba Turizam d.o.o.	-	188	-	-
	<b>119,234</b>	<b>42,252</b>	<b>8,876</b>	<b>14,611</b>
<b>4) Bonds and other debt securities</b>	-	-	-	-
<b>5) Securities in issue</b>	-	-	-	-
<b>6) Subordinated debt</b>	-	-	-	-
<b>Total</b>	<b>119,234</b>	<b>55,434</b>	<b>8,876</b>	<b>14,824</b>

€ '000

OTHER COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE	ASSETS	LIABILITIES	GUARANTEES	COMMITMENTS
<b>1) Transactions with banks</b>				
Banca Cassa di Risparmio di Savigliano SpA	6,962	13,802	-	39
Cassa di Risparmio di Bra SpA	20,845	2,881	50	-
Cassa di Risparmio di Fossano SpA	5,804	16,521	-	90
Cassa di Risparmio di Saluzzo SpA	16,916	5,668	-	8
	<b>50,527</b>	<b>38,872</b>	<b>50</b>	<b>137</b>
<b>2) Transactions with financial institutions</b>				
Allianz Zb d.o.o. Društvo Za Upravljanje Dobrovoljnim	-	52	-	5
Allianz Zb d.o.o. Društvo Za Upravljanje Obvznim	-	109	-	36
Cassa di Liquidazione e Garanzia SpA	-	116	-	-
Consortium Srl	381,302	19	-	-
Jupiter NFI S.A.	-	118	-	-
Krajowa Izba Rozliczeniowa S.A.	-	277	-	4,254
LISEURO SpA	6,369	-	-	-
Società Friulana Esazioni Tributi S.F.E.T. SpA	6,557	-	-	-
	<b>394,228</b>	<b>691</b>	<b>-</b>	<b>4,295</b>
<b>3) Transactions with other customers</b>				
Allianz Zagreb Dionicko Društvo Za Osiguranje	-	441	-	76
ARGENTEA SpA	-	133	62	-
AUTOSTRADA BS-VR-VI-PD SpA	-	1,232	9	-
Baldini e Castoldi Dalai - Editore SpA	204	24	-	-
Commercial Union Vita SpA	-	88,189	-	-
CONSORZIO CA.RI.CE.SE.	661	-	-	-
CreditRAS Assicurazioni SpA	-	42	300	-
CreditRas Vita SpA	29,522	60,763	-	-
Fabryka Sprzetu Okretowego	260	119	-	-
Grifo Insurance Brokers Srl	-	636	-	-
Grupa Inwestycyjna Nywing S.A.	1,507	4	-	-
Hotel Jean IIISobieski Sp.zo.o	9,576	138	-	-
Immobiliare Lombarda SpA	48,310	401	2,474	-
Iniziative Urbane SpA	11,933	-	634	1,966
Selezione Terza S.r.l	45,350	773	-	4,650
Serin Srl	4	-	-	-
Tomtex S.A.	160	463	-	-
Wytwornia Silników Plz. Mielec Sp.zo.o.	-	1	-	-
	<b>147,487</b>	<b>153,359</b>	<b>3,479</b>	<b>6,692</b>
<b>4) Bonds and other debt securities</b>	-	-	-	-
<b>5) Securities in issue</b>	-	-	-	-
<b>6) Subordinated debt</b>	-	-	-	-
<b>Total</b>	<b>592,242</b>	<b>192,922</b>	<b>3,529</b>	<b>11,124</b>

### 3.4 Item 70 "Equity Investments"

### 3.5 Item 80 "Equity Investments in Group Companies"

€ '000

	EQUITY INVESTMENTS ITEM 70			EQUITY INVESTMENTS IN GROUP COMPANIES ITEM 80		
	AMOUNTS AS AT			AMOUNTS AS AT		
	31.12.2003	31.12.2002	31.12.2002	31.12.2003	31.12.2002	31.12.2002
	RESTATED	HISTORICAL	HISTORICAL	RESTATED	HISTORICAL	HISTORICAL
<b>a) Equity investments in banks</b>	<b>588,709</b>	<b>608,410</b>	<b>608,410</b>	<b>-</b>	<b>-</b>	<b>-</b>
1. Listed	448,037	475,611	475,611	-	-	-
2. Unlisted	140,672	132,799	132,799	-	-	-
<b>b) Equity investments in financial institutions</b>	<b>351,288</b>	<b>276,366</b>	<b>458,878</b>	<b>6,012</b>	<b>9,715</b>	<b>9,715</b>
1. Listed	885	1,797	1,797	451	448	448
2. Unlisted	350,403	274,569	457,081	5,561	9,267	9,267
<b>c) Other</b>	<b>2,427,227</b>	<b>1,187,339</b>	<b>1,185,309</b>	<b>131,230</b>	<b>141,813</b>	<b>141,813</b>
1. Listed	1,025,933	48,881	48,881	-	-	-
2. Unlisted	1,401,294	1,138,458	1,136,428	131,230	141,813	141,813
<b>Total for item 70 and item 80</b>	<b>3,367,224</b>	<b>2,072,115</b>	<b>2,252,597</b>	<b>137,242</b>	<b>151,528</b>	<b>151,528</b>

### 3.6 Changes in equity investments in the year

#### 3.6.1 Equity Investments in Group Companies (item 80)

#### 3.6.2 Other Equity Investments (item 70)

€ '000

	EQUITY INVESTMENTS IN GROUP COMPANIES ITEM 80	OTHER EQUITY INVESTMENTS ITEM 70
<b>A. Opening balance</b>	<b>151,528</b>	<b>2,252,597</b>
<b>B. Increases</b>	<b>40,108</b>	<b>1,439,181</b>
B.1 Purchases	8,009	1,298,771
B.2 Write-backs	-	3,800
B.3 Revaluations	-	233
B.4 Other changes (*)	32,099	136,377
<b>C. Reductions</b>	<b>54,394</b>	<b>324,554</b>
C.1 Sales	-	100,626
C.2 Writedowns	2,468	12,500
of which: permanent writedowns	1,633	12,202
C.3 Other changes	51,926	211,428
<b>D. Closing balance</b>	<b>137,242</b>	<b>3,367,224</b>
<b>E. Total revaluations</b>	<b>-</b>	<b>12,968</b>
<b>F. Total adjustments</b>	<b>46,539</b>	<b>448,324</b>

\*Sub-item B.4 "Other changes" includes the changes resulting from the changed scope of consolidation.

**Detail of principal changes in “Equity Investments in Group Companies”:**

€ '000

<b>B. INCREASES</b>		
<b>B.1 Purchases:</b>		
Ing. Employee Benefits SpA (now Employee Benefits SpA)		3,530
Ing. Agenzia Assicurativa SpA (now XXA Agenzia Assicurativa SpA)		1,851
Vivacity SpA		1,600
Other		1,028
		<b>8,009</b>
<b>B.4 Other changes:</b>		
- Exchange gains		48
- Gains from sales		37
- Value differences for equity investments valued with the equity method:		
UniCredit Assicura Srl	1,613	
Other	4,731	6,344
- Other:		
UniCredit ServiceLab SpA	5,300	
I-Faber SpA	4,800	
TLX SpA	4,350	
Trading Lab Inc.	2,521	
Locat Rent SpA	2,514	
Ing. Employee Benefits SpA (now Employee Benefits SpA)	1,560	
Other	4,625	25,670
		<b>32,099</b>
<b>C. REDUCTIONS</b>		
<b>C.1 Sales</b>		-
<b>C.2 Writedowns:</b>		
Ri.po Srl	1,500	
Other		968
		<b>2,468</b>
<b>C.3 Other changes:</b>		
- Exchange differences		7,655
- Losses from sales:		45
- Value differences for equity investments valued with the equity method:		
Vivacity SpA	14,095	
Trading Lab Inc.	3,275	
UniCredit ServiceLab SpA	3,020	
I-Faber SpA	2,985	
Other	3,905	27,280
- Companies transferred to Item 70 “Other equity investments”		599
- Companies transferred to line-by-line consolidation area:		
UniCredit Banca d'Impresa SpA (formerly UniCredit Servizi Corporate SpA)	6,300	
UniCredit Private Banking SpA (formerly UniCredit Servizi Private SpA)	6,300	
Other	779	13,379
- Other		2,968
		<b>51,926</b>

### Detail of principal changes in “Other Equity Investments”

€ '000

<b>B. INCREASES</b>		
<b>B.1 Purchases:</b>		
Assicurazioni Generali SpA		977,208
Edipower SpA		100,076
Olimpia SpA		64,680
Consortium Srl		53,295
Synesis Finanziaria SpA		50,000
IKB Deutsche Industriebank Aktiengesellschaft		28,972
Wschodni Bank Cukrownictwa S.A.		8,439
IKB Corporatelab S.A.		4,999
Carisma SpA		4,357
Lingotto SpA		2,938
Istituto Europeo di Oncologia Srl		1,790
Other		2,017
		<b>1,298,771</b>
<b>B.2 Write-backs:</b>		
RCS Media Group SpA (formerly HdP SpA)		3,308
Other		492
		<b>3,800</b>
<b>B.3 Revaluations</b>		<b>233</b>
<b>B.4 Other changes :</b>		
- Exchange rate gains:		21
- Gains from sales:		
Polcard S.A.	14,400	
Intesa Holding A.M. SpA	9,939	
Kataweb SpA	6,455	
Centrale Rischio Finanz. CRIF SpA	2,070	
Other	4,587	37,451
- Value differences for equity investments valued with the equity method:		
CreditRas Vita SpA	5,590	
Commercial Union Vita SpA	3,243	
Other	7,014	15,847
- Changes due to modified scope of consolidation:		
Cesky Leasing Spol. S.r.o.	1,212	
Other	599	1,811
- Other *:		
Synesis Finanziaria SpA	44,403	
Commercial Union Vita SpA	29,400	
CreditRas Vita SpA	3,054	
Other	4,390	81,247
		<b>136,377</b>

Detail of principal changes in "Other Equity Investments" (continued)

€ '000

<b>C. REDUCTIONS</b>		
<b>C.1 Sales</b>		
Commerzbank A.G.		54,573
Polcard S.A.		14,834
Intesa Holding A.M. SpA		10,501
Kataweb SpA		6,600
Carisma SpA		4,537
Cesky Leasing Spol. S.r.o.		2,208
Centrale Rischio Finanz. CRIF SpA		2,200
Jarocinskie Fabryki Mebli (JFM)		1,097
Pollena Ewa S.A.		1,083
Other		2,993
		<b>100,626</b>
<b>C.2 Writedowns</b>		
Consortium Srl		5,201
Istituto Europeo di Oncologia Srl		2,268
Other		5,031
		<b>12,500</b>
<b>C.3 Other changes:</b>		
- Exchange rate differences		7,357
- Losses from sales:		
Commerzbank A.G.	3,462	
Other	261	3,723
- Value differences for equity investments valued with the equity method		
Immobiliare Lombarda SpA	2,275	
Other	1,733	4,008
- Company transferred to line-by-line/proportional consolidation area:		
Koç Finansal Hizmetler A.S.	184,803	
Demir Romlease S.A.	1,664	
Other	12	186,479
- Other:		
Jupiter NFI S.A.	4,988	
Other	4,873	9,861
		<b>211,428</b>

\* "Other changes – Other" also included increases resulting from extraordinary corporate transactions (spin-offs, transfers, etc.) and transfers from other portfolios.



## ● Section 4 TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets are broken down as follows:

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>110. Intangible fixed assets</b>	<b>1,167,290</b>	<b>1,264,150</b>	<b>1,255,688</b>
<b>120. Tangible fixed assets</b>	<b>3,238,372</b>	<b>3,611,571</b>	<b>3,527,174</b>
<b>Total</b>	<b>4,405,662</b>	<b>4,875,721</b>	<b>4,782,862</b>
<i>of which: buildings owned by the Parent Company and used by Group companies in their operations</i>	<i>1,709,205</i>	<i>1,943,329</i>	<i>1,890,924</i>

### 4.1 Changes in “Tangible fixed assets” in the year

€ '000

	PROPERTY	FURNITURE	EQUIPMENT	TOTAL
<b>A. Opening balance</b>	<b>2,995,293</b>	<b>163,902</b>	<b>367,979</b>	<b>3,527,174</b>
<b>B. Increases</b>	<b>2,281,294</b>	<b>992,446</b>	<b>1,236,759</b>	<b>4,510,499</b>
B.1 Purchases	2,089,282	946,900	1,048,752	4,084,934
B.2 Write-backs	-	-	-	-
B.3 Revaluations	242	651	-	893
B.4 Other changes *	191,770	44,895	188,007	424,672
<b>C. Reductions</b>	<b>2,547,585</b>	<b>1,002,253</b>	<b>1,249,463</b>	<b>4,799,301</b>
C.1 Sales	2,209,600	915,072	945,018	4,069,690
C.2 Writedowns:	97,052	62,626	148,867	308,545
a) Depreciation	95,425	62,625	148,588	306,638
b) permanent writedowns	1,627	1	279	1,907
C.3 Other changes	240,933	24,555	155,578	421,066
<b>D. Closing balance</b>	<b>2,729,002</b>	<b>154,095</b>	<b>355,275</b>	<b>3,238,372</b>
<b>E. Total revaluations</b>	<b>1,403,367</b>	<b>5,338</b>	<b>358</b>	<b>1,409,063</b>
<b>F. Total adjustments</b>	<b>1,200,935</b>	<b>600,624</b>	<b>1,167,603</b>	<b>2,969,162</b>
a) Depreciation	1,189,825	600,594	1,167,320	2,957,739
b) permanent writedowns	11,110	30	283	11,423

\* Sub-item B.4 “Other changes” includes the changes resulting from the changed scope of consolidation.

## 4.2 Annual changes in “Intangible fixed assets”

€ '000

<b>A. Opening balance</b>	<b>1,255,688</b>
<b>B. Increases</b>	<b>421,087</b>
B.1 Purchases	236,037
B.2 Write-backs	-
B.3 Revaluations	-
B.4 Other changes *	185,050
<b>C. Reductions</b>	<b>509,485</b>
C.1 Sales	928
C.2 Writedowns:	282,725
a) amortisation	271,061
b) permanent writedowns	11,664
C.3 Other changes	225,832
<b>D. Closing balance</b>	<b>1,167,290</b>
<b>E. Total revaluations</b>	<b>-</b>
<b>F. Total adjustments</b>	<b>1,055,500</b>
a) amortisation	1,039,061
b) permanent writedowns	16,439

\* Sub-item B.4 “Other changes” includes the changes resulting from the changed scope of consolidation.

Intangible fixed assets were made up as follows:

€ '000

	<b>AMOUNTS AS AT 31.12.2003</b>
Intangible assets	260,620
“Goodwill” <sup>1</sup>	770,785
Other capitalised costs to be amortised	135,885
<b>Total</b>	<b>1,167,290</b>

1. This was mainly for the goodwill posted directly to the consolidated accounts of Pioneer Investment Management USA Inc.

## ● Section 5 OTHER ASSET ITEMS

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
150. Other assets	36,124,218	29,187,186	29,119,828
160. Accrued income and prepaid expenses	2,017,604	2,127,375	2,061,500
<b>Total</b>	<b>38,141,822</b>	<b>31,314,561</b>	<b>31,181,328</b>

### 5.1 Item 150 “Other assets” – detail

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>Cash and other valuables held by cashier:</b>			
- Current account cheques being settled, drawn on third parties	337,760	504,504	504,038
- Current account cheques charged to Group banks, received by the clearing house, and in the process of being debited	89,473	9,915	9,915
- Money orders, bank drafts and equivalent securities	115,899	137,996	137,996
- Coupons, securities due on demand, revenue stamps and miscellaneous valuables	332	232	232
	<b>543,464</b>	<b>652,647</b>	<b>652,181</b>
<b>Interest and amounts to be charged to:</b>			
- Customers	17,360	8,021	7,942
- Banks	33,736	17,308	4,114
	<b>51,096</b>	<b>25,329</b>	<b>12,056</b>
<b>Caution monies:</b>			
- In the name of, and on behalf of the Group	50,172	9,004	8,972
- In the name of, and on behalf of third parties	287	1,602	1,600
	<b>50,459</b>	<b>10,606</b>	<b>10,572</b>
<b>Items in transit between branches not yet attributed to destination accounts</b>	<b>134,776</b>	<b>296,753</b>	<b>296,752</b>
<b>Items in processing</b>	<b>823,785</b>	<b>2,058,885</b>	<b>2,056,764</b>
<b>Receivables for advances for tax collection service</b>	<b>1,670,611</b>	<b>1,431,147</b>	<b>1,431,141</b>
<b>Tax entries:</b>			
- Advance payments made to tax authorities	1,299,983	1,108,585	1,097,761
- Tax credits	1,330,114	1,516,241	203,449
- Other tax entries	697,033	659,223	658,604
	<b>3,327,130</b>	<b>3,284,049</b>	<b>1,959,814</b>
<b>Deferred tax assets</b>	<b>390,109</b>	<b>412,309</b>	<b>387,373</b>
<b>Entries resulting from the valuation of off-balance-sheet transactions</b>			
- Customers	6,036,750	3,301,224	3,301,224
- Banks	16,009,625	12,328,074	12,328,074
	<b>22,046,375</b>	<b>15,629,298</b>	<b>15,629,298</b>
<b>Premiums paid for options</b>	<b>3,879,227</b>	<b>803,191</b>	<b>803,191</b>
<b>Items not attributable to other accounts:</b>			
- Securities and coupons to be settled	209,891	1,428,980	1,428,949
- Other transactions	1,630,269	2,419,895	3,732,356
	<b>1,840,160</b>	<b>3,848,875</b>	<b>5,161,305</b>
<b>Adjustments for illiquid portfolio entries</b>	<b>10,115</b>	<b>578</b>	<b>578</b>
<b>Other entries:</b>			
- Entries related to accidents and disputes being clarified (at estimated amount to be received)	42,238	19,116	19,116
- Other entries	1,314,673	714,403	699,687
	<b>1,356,911</b>	<b>733,519</b>	<b>718,803</b>
<b>Total</b>	<b>36,124,218</b>	<b>29,187,186</b>	<b>29,119,828</b>

## 5.2 Item 160 “Accrued income and pre-paid expenses”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>Accrued income</b>			
for accrued interest on investment and trading securities	290,568	393,300	371,654
for accrued interest on loans to banks	74,502	157,865	152,614
for accrued interest on loans to customers	323,968	390,582	364,607
for differentials on derivative contracts	681,886	723,947	720,931
for other transactions	83,736	54,161	53,383
<b>Total accrued income</b>	<b>1,454,660</b>	<b>1,719,855</b>	<b>1,663,189</b>
<b>Prepaid expenses</b>			
for advance rent payments	7,438	3,851	3,082
for issue discount on securities	8,753	10,023	10,023
for derivative contracts	281,335	215,695	211,374
for miscellaneous fees and commissions	243,588	160,063	158,274
for other transactions	21,830	17,888	15,558
<b>Total pre-paid expenses</b>	<b>562,944</b>	<b>407,520</b>	<b>398,311</b>
<b>Total accrued income and pre-paid expenses</b>	<b>2,017,604</b>	<b>2,127,375</b>	<b>2,061,500</b>

Accruals and deferrals are reported on the basis of the accrual principle and in accordance with the provisions of Article 2424 bis of the Civil Code.

## 5.3 Adjustments for accrued income and pre-paid expenses

No adjustments were made related to increases or decreases in the asset or liability accounts to which accrued income and pre-paid expenses refer.

## 5.4 Distribution of subordinated assets

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Loans to banks	2,006	2,000	2,000
b) Loans to customers	115,259	119,856	119,856
c) Bonds and other debt securities	357,512	287,729	282,782
<b>Total</b>	<b>474,777</b>	<b>409,585</b>	<b>404,638</b>

## ● Section 6 DEPOSITS

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
10. Due to banks	44,252,285	32,672,760	31,990,884
20. Due to customers	97,802,811	96,123,829	93,368,254
30. Securities in issue	37,297,683	33,176,265	33,173,457
40. Deposits received in administration	173,344	203,447	203,447
Total	179,526,123	162,176,301	158,736,042

### 6.1 Detail of Item 10 “Due to banks”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Repo transactions	18,328,066	11,927,830	11,927,830
b) Stock lending	132,616	162,040	162,040

### 6.2 Detail of Item 20 “Due to customers”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Repo transactions	16,190,372	15,808,539	15,740,002
b) Stock lending	1,807	-	-

**Item 10 “Due to banks”**

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) on demand:</b>			
Demand deposits	1,631,695	1,856,408	1,856,408
Current accounts for services rendered	1,268,186	629,946	626,933
Other forms of debt	10,359	22,545	22,536
	<b>2,910,240</b>	<b>2,508,899</b>	<b>2,505,877</b>
<b>b) on term or with notice:</b>			
Time deposits	19,795,336	15,640,099	15,381,309
Repo transactions	18,328,066	11,927,830	11,927,830
Stock lending	132,616	162,040	162,040
Loans from international banking organisations	662,220	678,219	353,243
Other forms of debt	2,423,807	1,755,673	1,660,585
	<b>41,342,045</b>	<b>30,163,861</b>	<b>29,485,007</b>
<b>Total</b>	<b>44,252,285</b>	<b>32,672,760</b>	<b>31,990,884</b>

**Item 20 “Due to customers”**

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) on demand:</b>			
Savings deposits	6,984,414	6,852,944	6,844,154
Overdraft accounts	55,579,055	54,579,802	53,792,031
Other forms of debt	190,556	168,471	168,471
	<b>62,754,025</b>	<b>61,601,217</b>	<b>60,804,656</b>
<b>b) on term or with notice:</b>			
Savings deposits	5,147,976	4,557,905	3,765,494
Overdraft accounts	11,284,845	12,241,606	11,232,061
Repo transactions	16,190,372	15,808,539	15,740,002
Stock lending	1,807	-	-
Other transactions	2,423,786	1,914,562	1,826,041
	<b>35,048,786</b>	<b>34,522,612</b>	<b>32,563,598</b>
<b>Total</b>	<b>97,802,811</b>	<b>96,123,829</b>	<b>93,368,254</b>

**Item 30 "Securities in issue"**

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Bonds	10,839,450	14,873,986	14,873,615
Certificates of deposit	25,645,472	17,317,982	17,317,982
Other securities	812,761	984,297	981,860
<b>Total</b>	<b>37,297,683</b>	<b>33,176,265</b>	<b>33,173,457</b>

**Item 40 "Deposits received in administration"**

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Amounts received from the Government	40,354	6,510	6,510
Amounts received from the Region and other organisations/agencies	132,990	196,937	196,937
<b>Total</b>	<b>173,344</b>	<b>203,447</b>	<b>203,447</b>

● **Section 7 RESERVES**

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>70. Reserve for employee severance pay</b>	<b>993,624</b>	<b>962,158</b>	<b>960,897</b>
<b>80. Reserves for risks and charges</b>			
a) Reserve for pensions and similar obligations	520,513	538,305	538,266
b) Taxation reserve	1,984,233	2,249,976	2,229,812
c) Consolidation reserve for future risks and charges	3,886	3,886	3,886
d) Other reserves	1,327,850	967,030	868,579
	<b>3,836,482</b>	<b>3,759,197</b>	<b>3,640,543</b>
<b>90. Loan loss reserves</b>	<b>69,163</b>	<b>111,141</b>	<b>93,791</b>
<b>Total</b>	<b>4,899,269</b>	<b>4,832,496</b>	<b>4,695,231</b>



## 7.1 Item 90 “Loan loss reserves”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Overdue interest on loans to customers	-	-	-
Other	69,163	111,141	93,791
<b>Total</b>	<b>69,163</b>	<b>111,141</b>	<b>93,791</b>
<i>of which: minorities</i>	38	29,039	29,039

“Loan loss reserves” are used to cover potential credit risks, which currently cannot be assessed, and are thus “possible”.

## 7.2 Changes during the period in “Loan loss reserves” (Item 90)

€ '000

<b>A. Opening balance</b>	<b>93,791</b>
<b>B. Increases</b>	<b>61,308</b>
B.1 Provisions	43,931
B.2 Other changes *	17,377
<b>C. Reductions</b>	<b>85,936</b>
C.1 Uses	-
C.2 Other changes	85,936
<b>D. Closing balance</b>	<b>69,163</b>

\* Sub-item B.2 “Other changes” includes the changes resulting from the changed scope of consolidation.

### 7.3 Item 80 d) “Reserves for risks and charges: Other reserves”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>Reserves for writedowns of guarantees given and commitments:</b>			
- Specific writedowns	49,617	64,987	64,987
- Lump-sum writedowns for “country risk”	2,630	9,183	9,183
- Other lump-sum writedowns	17,846	27,815	20,116
	<b>70,093</b>	<b>101,985</b>	<b>94,286</b>
<b>Other reserves for risks and charges:</b>			
- Projected outlays for personnel-related disputes and charges	430,960	163,138	73,969
- Projected outlays to cover accidents being clarified	71,264	10,217	10,217
- Options and guarantees for transactions involving equity investments sold	53,929	50,811	50,811
- Pending revocatory and other legal actions	211,468	181,566	179,983
- Holidays not taken	60,235	59,376	59,376
- Projected future charges for equity investments	249	3,869	3,869
- Benefits under Articles 22-23 of Legislative Decree 153/99	249,909	248,431	248,431
- Other	179,743	147,637	147,637
	<b>1,257,757</b>	<b>865,045</b>	<b>774,293</b>
<b>Total</b>	<b>1,327,850</b>	<b>967,030</b>	<b>868,579</b>

### Item 80 b) “Reserves for risks and charges: Taxation reserve”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Income tax for the year	1,858,245	2,054,657	2,048,067
Miscellaneous indirect taxes	338	1,137	1,137
Taxes of foreign branches	26,584	38,735	38,735
Deferred taxes	84,631	137,772	124,198
Other taxes	14,435	17,675	17,675
<b>Total</b>	<b>1,984,233</b>	<b>2,249,976</b>	<b>2,229,812</b>

In accordance with CONSOB Regulations No. DEM/1011405 of 15 February 2001, the required information is provided regarding the effects of, and reporting in accounts of, the benefits stipulated under Articles 22 and 23 of Legislative Decree No. 153 of 17 May 1999:

- Income taxes for the periods 1998, 1999, and 2000 were determined in consideration of the referenced tax relief regulations.
- In their press release dated 3 April 2000, the Ministry of the Treasury and Ministry of Finance gave notice

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that the European Commission requested the Italian government to provide clarifications of legislative provisions under discussion to assess their status, or lack thereof, as “state subsidies” that are forbidden by Article 87 of the EC Treaty.

c) This press release specified that “the benefits in question are to be considered suspended, and thus, the adoption of the related regulation concerning the methods for applying the primary regulation in question is suspended”.

d) The effects of the benefits resulting from the impact on current taxes, are as follows:

(€ million)	
For 1998	32.9
For 1999	93.0
For 2000	98.3
<b>Total</b>	<b>224.2</b>

e) In its memo dated 25 October 2000 published in the EC Official Journal dated 10 February 2001, the European Commission advised that the supplemental information provided by Italian authorities in their letter dated 14 June 2000 “confirmed the possibility that the measures being disputed constitute state subsidies”. Consequently, the Commission decided to initiate a formal investigation procedure. For this reason, in the accounts for 2000 the Group companies concerned deemed it prudent to make a provision to the Reserve for risks and charges, under “other reserves”, item 80 d of the balance sheet, in the entire amount indicated above, with a charge to “Provisions for risks and charges,” Item 100 of the profit and loss account.

f) Upon the conclusion of the referenced investigation, the European Commission on 12 December 2001 notified the Italian government of its decision to consider the tax benefits in question to be incompatible with the provisions of the EC treaty regarding state subsidies, and therefore requested that Italy abolish these benefits and take all necessary measures to recover the subsidies granted from the banks.

g) Based on the existence of significant and specific supporting information, the Italian Banking Association (ABI) intends to contest this decision on behalf of the banks, and UniCredito Italiano has authorised it to appear in court in its name.

h) These tax benefits were suspended under Decree Law No. 63 of 15 April 2002, published in the Italian Official Gazette of 17 April 2002. Therefore, no benefit has been calculated since the 2001 tax period.

i) In accordance with Article 1 of D.L. No. 282 dated 24 December 2002, enacted as Law No. 27 of 21 February 2003, issued in enactment of the above-mentioned decision of the European Commission, the Group

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companies concerned have, prior to 31 December 2002, paid a sum – equal to taxes not paid as a result of these benefits – of € 254.5 K, including interest charges required by said law. Until a decision is made on the legal dispute in progress, this amount has been posted as taxes receivable, on the asset side of the balance sheet, considering, moreover, that the taxes were collected based on EU regulations and without advance notice of assessment activities.

## Deferred taxation

In application of the principle requiring the reporting of deferred taxes, the following criteria were adopted:

- *Use of the “balance sheet liability method”;*
- *Reporting of deferred tax assets on the basis of the following assumptions:*
  - existence of taxable income in future periods over a maximum time span of three years, conservatively taking into account the existence of a business plan that covers that period;
  - reporting of only those deferred taxes resulting from expenses already allocated to the profit and loss account, for which the period in which they will be deductible from taxable income is already known with certainty;
- *Reporting of deferred taxes that are likely to be incurred.*

In order to determine deferred taxes of the Italian companies, the tax rates applicable for the successive periods under consideration (pursuant to regulations current at the year-end) were used, as noted below:

Year	Corporate Income tax (Irpeg)	Regional tax on productive activities (Irap) *
2004	33%	4.25%
2005	33%	4.25%
2006	33%	4.25%

\* Reference rate subject, according to the location of the operations, to the increases provided for at regional level for the banking sector.

The foreign companies have determined their deferred taxes on the basis of the rates in force in the individual countries.

Below are the changes that occurred in 2003:

#### 7.4 Change during the period in “Deferred tax assets” with a balancing entry in the profit and loss account

€ '000

<b>1. Initial amount</b>	<b>387,373</b>
<b>2. Increases</b>	<b>268,520</b>
2.1 Deferred tax assets arising during the period	145,098
2.2 Other increases	123,422
<b>3. Reductions</b>	<b>265,784</b>
3.1 Deferred tax assets eliminated during the period	179,139
3.2 Other decreases	86,645
<b>4. Final amount</b>	<b>390,109</b>

#### 7.5. Change during the period in “Deferred tax liabilities”

€ '000

	BALANCING ENTRY TO:	
	PROFIT AND LOSS ACCOUNT	RESERVES UNDER SHAREHOLDERS' EQUITY *
<b>1. Initial amount</b>	<b>122,268</b>	<b>1,930</b>
<b>2. Increases</b>	<b>31,879</b>	<b>1,125</b>
2.1 Deferred taxes arising during the period	15,001	1,125
2.2 Other increases	16,878	-
<b>3. Reductions</b>	<b>70,747</b>	<b>1,824</b>
3.1 Deferred taxes eliminated during the period	54,334	1,787
3.2 Other decreases	16,413	37
<b>4. Final amount</b>	<b>83,400</b>	<b>1,231</b>

\* The above deferred taxes arose from the suspension of the applicable taxes on gains on the expected disposal of properties and equity investments.

No deferred tax assets originated from:

- Writedowns of loans to banks, as these could not be deducted from taxable income for the period;
- Writedowns of equity investments, securities and tangible fixed assets exceeding the amount which, under tax regulations, can be deducted from taxable income;
- Reserves formed from provisions made to cover likely or certain charges, for which the period when such charges will actually be incurred is still not known.

For these exclusions, there are potential deferred tax assets, which will be reported in the profit and loss account if the condition of the deductibility of the underlying charge is met.

**Item 80 c) “Reserves for risks and charges: Consolidation reserve for future risks and charges”**

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Consolidation reserve for future risks and charges	3,886	3,886	3,886

Below are the changes that occurred in 2003 in the reserves in question.

€ '000

	EMPLOYEE SEVERANCE PAY RESERVE	RESERVES FOR RISKS AND CHARGES			
		RESERVE FOR PENSIONS AND SIMILAR OBLIGATIONS	TAXATION RESERVE	CONSOLIDATION RESERVE FOR FUTURE RISKS AND CHARGES	OTHER RESERVES
AMOUNTS AS AT 31.12.2002	960,897	538,266	2,229,812	3,886	868,579
Changes in 2003:					
Use of provisions	- 99,589	-46,094	- 1,622,748	-	- 92,469
Reallocations to the profit and loss account	- 27	- 72	- 43,735	-	- 63,852
Provisions	+ 128,233	+ 26,229	+ 1,401,570	-	+ 602,494 *
Exchange differences and other changes **	+ 4,110	+ 2,184	+ 19,334	-	+ 13,098
AMOUNTS AS AT 31.12.2003	993,624	520,513	1,984,233	3,886	1,327,850

\* Of which: €348,127,000 charged to Profit and Loss under item 80 - “Payroll costs”.

\*\* Also includes any changes resulting from the changed scope of consolidation.

## ● Section 8 CAPITAL, RESERVES, FUND FOR GENERAL BANKING RISKS AND SUBORDINATED DEBT

Group shareholders' equity was broken down as follows:

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>100. Fund for general banking risks</b>	<b>133,260</b>	<b>137,361</b>	<b>137,361</b>
<b>150. Capital</b>	<b>3,158,168</b>	<b>3,148,070</b>	<b>3,148,070</b>
<b>160. Share premium</b>	<b>3,308,639</b>	<b>3,308,639</b>	<b>3,308,639</b>
<b>170. Reserves</b>	<b>4,166,693</b>	<b>3,560,240</b>	<b>3,560,240</b>
Legal reserve	508,136	368,367	368,367
Statutory reserves	1,015,472	771,601	771,601
Other reserves	2,643,085	2,420,272	2,420,272
<b>180. Revaluation reserves</b>	<b>285,217</b>	<b>305,343</b>	<b>305,343</b>
<b>190. Retained earnings</b>	<b>-</b>	<b>98</b>	<b>98</b>
	<b>11,051,977</b>	<b>10,459,751</b>	<b>10,459,751</b>
<b>200. Net profit for the period</b>	<b>1,960,580</b>	<b>1,801,142</b>	<b>1,801,142</b>
<b>Total Group portion of shareholders' equity</b>	<b>13,012,557</b>	<b>12,260,893</b>	<b>12,260,893</b>

In this section, the items making up the Group's portion of shareholders' equity are detailed, as well as the balance sheet items below resulting from the consolidation process:

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>120. Negative consolidation differences</b>	<b>51,620</b>	<b>51,888</b>	<b>51,888</b>
<b>130. Negative net equity differences</b>	<b>12,425</b>	<b>12,418</b>	<b>12,418</b>
<b>140. Minority portion of shareholders' equity (+/-)</b>	<b>+ 972,978</b>	<b>+ 1,260,524</b>	<b>+ 1,171,598</b>
<b>ASSETS</b>			
<b>90. Positive consolidation differences</b>	<b>1,229,299</b>	<b>1,017,274</b>	<b>961,888</b>
<b>100. Positive net equity differences</b>	<b>2,907</b>	<b>1,380</b>	<b>56,766</b>

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>110. Subordinated debt</b>	<b>6,189,574</b>	<b>7,120,147</b>	<b>7,088,478</b>



## Group portion of shareholders' equity

### Item 100 "Fund for general banking risks"

The "Fund for general banking risks" is used to cover general business risk, and is similar to a capital reserve. As at 31 December 2003 it totalled €133,260 and was broken down as follows: €116,885 for the Parent Company and €16,375 for certain subsidiaries, of which €567 was related to minorities. Changes in the "fund" are shown in the "Statement of changes in shareholders' equity", which appears below.

### Item 150 Capital

€ '000

AMOUNTS AS AT 31.12.2003	
6,294,629,600 ordinary shares with a par value of € 0.50 each	3,147,315
21,706,552 savings shares with a par value of € 0.50 each	10,853
<b>Total</b>	<b>3,158,168</b>

During the period, capital, which as at 31 December 2002 was made up of 6,274,433,668 ordinary shares and 21,706,552 savings shares, with a par value of € 0.50 for both categories, changed following the increase in capital pursuant to Article 2349 of the Civil Code through the issuance of 20,195,932 ordinary shares with a deduction from the reserve associated with the medium-term bonus program for Group staff set up for the purpose.

### Item 160 "Share premium reserve"

€ '000

AMOUNTS AS AT 31.12.2003	
Share premium reserve	3,308,639
<b>Total</b>	<b>3,308,639</b>

### Item 170 "Reserves"

€ '000

AMOUNTS AS AT 31.12.2003	
Legal reserve	508,136
Statutory Reserves	1,015,472
Other reserves *	2,643,085
<b>Total</b>	<b>4,166,693</b>

\* The item "Other reserves" refers, as to €1,674,682, to the Parent Company, and for €968,403, to companies included in the scope of consolidation.

## Item 180 "Revaluation reserves"

€ '000

AMOUNTS AS AT 31.12.2003	
Monetary revaluation reserve pursuant to Law 72/83	84,658
Property revaluation reserve pursuant to Law 413/91	160,007
Other revaluation reserves	40,552
<b>Total *</b>	<b>285,217</b>

\* This item includes reserves related to minorities of €8,198.

## Statement of changes in Shareholders' Equity

(€ million)

	CAPITAL STOCK	ISSUE PREMIUMS	LEGAL RESERVE	OTHER RESERVES	FUND FOR GENERAL BANKING RISKS	REVA- LUATION RESERVES	NET PROFIT	TOTAL
<b>Balance as at 31 December 2002</b>	<b>3,148.1</b>	<b>3,308.7</b>	<b>368.4</b>	<b>3,192.0</b>	<b>137.4</b>	<b>305.3</b>	<b>1,801.1</b>	<b>12,261.0</b>
<b>Changes in 2003:</b>								
Allocation of consolidated net profit for 2002:								
- To dividends							- 995.1	- 995.1
- To reserves			139.7	656.0			- 795.7	-
- Other allocations							- 10.3	-10.3
Other changes:								
- Capital increases related to staff bonus plan	10.0			- 10.0				-
- Change in reserve for exchange differences related to conversion of accounts in foreign currency and other changes				- 179.4	- 0.3	- 20.1		- 199.8
- Provisions/uses					- 3.8			- 3.8
- Group portion of net income							1,960.6	1,960.6
<b>Balance as at 31 December 2003</b>	<b>3,158.1</b>	<b>3,308.7</b>	<b>508.1</b>	<b>3,658.6</b>	<b>133.3</b>	<b>285.2</b>	<b>1,960.6</b>	<b>13,012.6</b>
<i>Minorities</i>								973.0
<b>Total as at 31 December 2003</b>								<b>13,985.6</b>

## Balance sheet items resulting from the consolidation process

### Item 90 – Positive consolidation differences

€ '000

SUBSIDIARY	BALANCE AS AT 31.12.2002	ADDITIONS DURING THE YEAR	OTHER CHANGES *	AMORTISATION DURING THE YEAR	BALANCE AS AT 31.12.2003
<b>Item 90</b>					
Bank Pekao S.A.	474,922			-69,167	405,755
Pioneer Alternative Investment Management Bermuda	111,465	-1,427		-11,145	98,893
Zagrebacka Banka D.D.	55,814			-6,089	49,725
Bulbank A.D.	53,881			-6,970	46,911
Cassa di Risparmio di Carpi SpA	118,269	63,599		-16,047	165,821
Unibanka A.S.	35,488			-4,524	30,964
Banca dell'Umbria 1462 SpA	92,116	118,059		-22,766	187,409
Zivnostenska Banka A.S.	-	112,999		-11,300	101,699
Koç Finansal Hizmetler A.S.	-	8,113	55,386	-6,350	57,149
Ing Sviluppo Finanziaria SpA	-	51,070		-426	50,644
Locat SpA	-	18,375		-766	17,609
Demir Romlease S.A.	-	207		-21	186
UniCredit Romania S.A.	6,844			-721	6,123
Pioneer Investment Management USA Inc.	8,019			-955	7,064
S+R Investimenti SpA	3,812			-465	3,347
Grifofactor SpA		42		-42	-
Rolo Pioneer Luxembourg S.A.	1,258		-1,258		-
<b>Total</b>	<b>961,888</b>	<b>371,037</b>	<b>54,128</b>	<b>-157,754</b>	<b>1,229,299</b>

\* The "Other changes" column includes the changes resulting from the changed scope of consolidation.

### Item 100 – Positive net equity differences

The main change that occurred in 2003 relates as to €55,386,000 to Koç Finansal Hizmetler which was purchased in December and consolidated in 2002 at net equity. The amount was transferred to item 90 "Positive consolidation differences".

Positive net equity differences, which totalled €2,907,000 as at 31 December 2003 were attributable as to €2,352,000 to Commercial Union Vita, and as to €555,000 to companies held by Pekao.

### Item 120 – Negative consolidation differences

€ '000

SUBSIDIARY	BALANCE AS AT 31.12.2002	CHANGES DURING THE PERIOD	BALANCE AS AT 31.12.2003
- Banca Agricola Commerciale S. Marino S.A.	43,112		43,112
- Banca Mediocredito SpA	2,798		2,798
- Rolo Pioneer S.G.R.p.A.	4,953		4,953
- Bank Pekao S.A. and its subsidiaries	977	-268	709
- Other consolidated companies	48		48
<b>Total</b>	<b>51,888</b>	<b>-268</b>	<b>51,620</b>

### Item 130 – Negative net equity differences

At the end of the year negative net equity differences totalled € 12,425.

€ '000

SUBSIDIARY	BALANCE AS AT 31.12.2002	CHANGES DURING THE PERIOD	BALANCE AS AT 31.12.2003
- Bank Pekao and its subsidiaries	10,702	-3	10,699
- CreditRas Vita SpA	375		375
- Sfet SpA	503		503
- Cassa di Risparmio di Fossano SpA	491		491
- Agrocons Centrum A.S.	314		314
- Grifo Insurance Brokers Srl	33	10	43
<b>Total</b>	<b>12,418</b>	<b>7</b>	<b>12,425</b>

### Item 140 – Minority portion of shareholders' equity

The minority portion of shareholders' equity, as detailed below, was determined by applying the *equity ratio method*, and included the minority interest in net profit for the year. To be specific:

€ '000

COMPANIES	BALANCE AS AT 31.12.2002	CHANGES DURING THE PERIOD	BALANCE AS AT 31.12.2003
- Bank Pekao S.A. and its subsidiaries	808,449	-94,064	714,385
- Zagrebacka Banka and its subsidiaries	112,081	10,208	122,289
- Banca dell'Umbria SpA	69,046	-59,086	9,960
- Cassa di Risparmio di Carpi SpA	37,365	-37,236	129
- Locat SpA	36,741	-18,740	18,001
- Bulbank A.D.	35,182	2,594	37,776
- Banca Mediocredito SpA	28,978	224	29,202
- B.A.C. della Repubblica di San Marino S.A.	14,866	147	15,013
- Other consolidated companies	28,890	-2,667	26,223
<b>Total</b>	<b>1,171,598</b>	<b>-198,620</b>	<b>972,978</b>

The decrease for Banca dell'Umbria SpA, Cassa di Risparmio di Carpi SpA and Locat SpA relates to the purchase of:

- 21.714% of the share capital of Banca dell'Umbria from Fondazione C.R. Perugina;
- 26.10% of the share capital of Cassa di Risparmio di Carpi from Fondazione C.R. di Carpi;
- 6.82% of the share capital of Locat by means of public offering.

The acquisition accounted for an increase in "Positive consolidation differences".

## Other items under Section 8 referring to liabilities

Finally, the subordinated debt item is described in this section:

### Item 110 – Subordinated debt

a) Maturity date, currency, interest rate, nominal value and equivalent in €.

MATURITY	CURRENCY	RATE	FACE VALUE IN ORIGINAL CURRENCY	€ '000 BOOK VALUE
<b>Parent Company</b>				
1) 19.12.2007	LIT	6-month Libor	184,000,000,000	91,551
2) 14.06.2010	EURO	6.25% p.a. ACT/ACT for years 1-5 3-month EURIBOR + 125 bps p.a. for years 6-10	400,000,000	400,000
3) 14.06.2010	EURO	3-month EURIBOR +65 b.p.s p.a. for years 1-5 +125 b.p.s p.a. for years 6-10	800,000,000	793,327
4) 29.10.2010	EURO	5.20% for year 1 5.30% for year 2 5.40% for year 3 5.50% for year 4 5.60% for year 5 5.70% for year 6 6.25% for year 7 6.80% for year 8 7.35% for year 9 7.90% for year 10	747,000,000	746,845
5) 13.12.2010	EURO	Gross annual rate of 2.75% of the nominal value for 10 years At maturity a "higher return" may be paid, which is related to the revaluation of a stock index (EuroSTOXX50), calculated on the basis of a formula reported in the regulations, and adjusted as necessary by applying a "Take Profit" clause.	261,000,000	260,655

Item 110 – Subordinated debt (continued)

MATURITY	CURRENCY	RATE	FACE VALUE IN ORIGINAL CURRENCY	€ '000 BOOK VALUE
6) 16.03.2011	EURO	3-month EURIBOR +75 b.p.s p.a. for years 1-5 +135 b.p.s p.a. for years 6-10	500,000,000	500,000
7) 16.03.2011	EURO	6% p.a.	500,000,000	500,000
8) 27.11.2011	EURO	5% p.a. ACT/ACT for years 1-5 3-month EURIBOR + 130 bps p.a. for years 6-10	400,000,000	400,000
9) 27.11.2011	EURO	3-month EURIBOR +70 b.p.s p.a. for years 1-5 +130 b.p.s p.a. for years 6-10	400,000,000	400,000
10) 28.02.2012	EURO	6.10%	500,000,000	500,000
11) 20.07.2004	EURO	EURIBOR + 0.40% b.p.s **	600,000,000	599,887
<b>Other Group companies</b>				
12) 23.05.2011	EURO	5.00% for year 1 5.10% for year 2 5.20% for year 3 5.30% for year 4 5.40% for year 5 5.50% for year 6 5.80% for year 7 6.10% for year 8 6.40% for year 9 6.70% for year 10	100,000,000	98,713
13) Unspecified	EURO	0%	2,301,000	2,301
14) 05.10.Perpetual	\$USA	9.20% p.a. for the first 10 years subsequently 3-month EURIBOR + 335 bps *	450,000,000	356,295
15) 05.10.Perpetual	EURO	8.048% p.a. act/act for the first 10 years subsequently 3-month EURIBOR +325 bps *	540,000,000	540,000
<b>Total for item 110</b>				<b>6,189,574</b>
Amount calculated for capital for regulatory purposes:				6,380,820
of which: - Tier 1 capital *				968,938
- Tier 2 capital				4,812,038
- Tier 3 (direct hedging of market risks) **				599,844

\*\*\* Book values are net of any intra-group accounts.

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*b) Prepayment*

The prepayment option is available for all bonds issued by the Parent Company listed above, should any of them prove to be a tax liability, subject to the prior consent of Banca d'Italia.

*No. 1:* repayment will occur in five equal instalments due over the last five years of the debt. Prepayment is allowed after the first five years from the issuance date, but only at the initiative of the issuer, and subject to Banca d'Italia approval.

*Nos. 2 and 3:* the issuer has the option to repay the debt in full starting in year 5.

*No. 4:* the debt will be repaid at par in five equal annual cash instalments due starting 31 October 2006, through the reduction of one fifth of the nominal value of each outstanding bond.

For the transactions in *items 5, 7, 10 and 11*, there is no prepayment option.

*Nos. 6, 8 and 9:* the issuer has the option to repay the debt in full starting from the end of year 5 and on each subsequent coupon payment date.

*No. 12* will be repaid at par, without any deductions for expenses, in five equal annual cash instalments due starting 23 May 2007, through the reduction of one fifth of the nominal value of each outstanding bond.

*Nos. 14 and 15:* it should be noted that the issuer has the right to repay the subordinated notes at any time subject to Banca d'Italia authorisation, and in addition, it may, at any time, and subject to certain conditions, substitute another foreign branch for the New York branch as the "obligor."

The company accounts provide complete information regarding the characteristics of bonds issued by other Group companies.

*c) Subordination conditions*

For all transactions, the claims of subordinated creditors are junior to the claims of ordinary creditors in the event of liquidation.

For hybrid capital instruments, the payment of interest may be suspended or limited in the event of poor operating performance.



## 8.1 Consolidated regulatory capital and prudential requirements

In accordance with Banca d'Italia instructions concerning transparency of information, below is the composition of capital for regulatory purposes and details on prudential requirements, the final results of which are sent to the Regulatory Body following approval of the present draft accounts:

€ '000

	AMOUNTS AS AT	
	31.12.2003	31.12.2002
<b>A. Capital for regulatory purposes</b>		
A.1 Tier 1 capital	11,081,223	10,775,916
A.2 Tier 2 capital	4,979,002	5,300,804
A.3 Items to be deducted	409,098	506,528
A.4 Capital for regulatory purposes	15,651,127	15,570,192
<b>B. Prudential regulatory requirements</b>		
B.1 Credit risks	10,400,005	9,282,720
B.2 Market risks	1,154,118	1,406,661
<i>of which: - Trading portfolio risks</i>	778,527	1,222,668
<i>- Exchange risks</i>	306,714	183,135
B.3 Tier 3 subordinated bonds	599,844	599,562
B.4 Other prudential requirements	153,781	186,280
B.5 Total prudential requirements	11,707,904	10,875,661
<b>C. Risk assets and regulatory ratios</b>		
C.1 Weighted risk assets *	146,348,794	135,945,763
C.2 Tier 1 capital/Weighted risk assets	7.57%	7.93%
C.3 Capital for regulatory purposes/Weighted risk assets **	11.10%	11.89%

Note \*: Total prudential requirements multiplied by the reciprocal of the minimum mandatory credit risk ratio.

\*\* : The total Capital Ratio is calculated according to Bank of Italy rules and is equal to the ratio of the total sum of the Capital for Regulatory Purposes and the Tier 3 Subordinated bonds (Tier 3 Capital) eligible for covering market risks and the Weighted Risk Assets for credit and market risk and regulatory requirements.

## Core tier 1 Ratio

<b>Tier 1 capital</b>	<b>11,081,223</b>
less Preference shares	- 896,295
Core Capital	10,184,928
Core tier 1 Ratio = Core Capital/Weighted risk assets	6.96%

## ● Section 9 OTHER LIABILITY ITEMS

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
50. Other liabilities	31,841,817	27,594,642	27,553,355
60. Accrued liabilities and deferred income	1,749,273	1,821,876	1,779,423
<b>Total</b>	<b>33,591,090</b>	<b>29,416,518</b>	<b>29,332,778</b>

### 9.1 Item 50 "Other liabilities"

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>Interest and amounts to be credited to:</b>			
- Customers	7,255	2,149	2,149
- Banks	22,303	493	387
	<b>29,558</b>	<b>2,642</b>	<b>2,536</b>
<b>Miscellaneous tax entries</b>	<b>452,158</b>	<b>420,023</b>	<b>412,171</b>
<b>Items in transit between branches not yet attributed to destination accounts</b>	<b>179,711</b>	<b>1,009,182</b>	<b>1,009,182</b>
<b>Available amounts to be paid to third parties</b>	<b>1,818,904</b>	<b>2,352,219</b>	<b>2,352,219</b>
<b>Items in processing</b>	<b>569,292</b>	<b>1,216,169</b>	<b>1,154,476</b>
<b>Entries resulting from the valuation of off-balance-sheet transactions</b>			
- Customers	3,443,542	1,712,008	1,712,008
- Banks	16,465,642	11,872,113	11,872,113
	<b>19,909,184</b>	<b>13,584,121</b>	<b>13,584,121</b>
<b>Option premiums collected</b>	<b>3,065,300</b>	<b>2,019,943</b>	<b>2,019,943</b>
<b>Entries related to securities transactions</b>	<b>1,150,801</b>	<b>1,320,410</b>	<b>1,320,407</b>
<b>Items judged definitive but not attributable to other items:</b>			
- Provisions to cover payroll costs	154,238	301,757	339,847
- Accounts payable – suppliers	672,331	916,536	915,392
- Provisions for tax withholding on accrued interest, coupons or dividends	4,121	741	741
- Other entries	1,165,293	1,919,210	1,967,210
	<b>1,995,983</b>	<b>3,138,244</b>	<b>3,223,190</b>
<b>Payables for miscellaneous entries related to the tax collection service</b>	<b>8,837</b>	<b>489,330</b>	<b>489,200</b>
<b>Adjustments for illiquid portfolio items</b>	<b>956,690</b>	<b>689,926</b>	<b>689,926</b>
<b>Other entries</b>	<b>1,705,399</b>	<b>1,352,433</b>	<b>1,295,984</b>
<b>Total</b>	<b>31,841,817</b>	<b>27,594,642</b>	<b>27,553,355</b>

## 9.2 Item 60 “Accrued liabilities and deferred income”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>ACCRUED LIABILITIES</b>			
for accrued interest on bank accounts	148,604	181,703	174,697
for accrued interest on customer accounts	111,194	183,214	166,579
for accrued interest on securities in issue	270,612	339,541	339,541
for accrued interest on contract differences	530,490	562,282	559,681
for accrued interest on subordinated debt	108,608	118,316	118,311
for other transactions	167,269	139,419	136,684
<b>Total accrued liabilities</b>	<b>1,336,777</b>	<b>1,524,475</b>	<b>1,495,493</b>
<b>DEFERRED INCOME</b>			
related to interest on discounted bills	77,882	100,210	100,210
on derivative contracts	167,899	126,405	115,579
on other loans to customers	13,446	17,326	16,797
on securities in issue	71,978	-	-
for miscellaneous fees and commissions	10,310	3,285	3,285
for other transactions	70,981	50,175	48,059
<b>Total deferred income</b>	<b>412,496</b>	<b>297,401</b>	<b>283,930</b>
<b>Total accrued liabilities and deferred income</b>	<b>1,749,273</b>	<b>1,821,876</b>	<b>1,779,423</b>

Accrued liabilities and deferred income are reported on the basis of the accrual principle and in accordance with the provisions of Article 2424 bis of the Civil Code

## 9.3 Adjustments to “Accrued liabilities and deferred income”

No adjustments were made to the asset and liability accounts as a result of changes in accrued liabilities and deferred income.

## ● Section 10 GUARANTEES AND COMMITMENTS

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>10. Guarantees given</b>	<b>12,268,915</b>	<b>12,498,270</b>	<b>12,367,572</b>
<b>20. Commitments</b>	<b>22,326,036</b>	<b>24,052,153</b>	<b>23,738,305</b>
<b>Total</b>	<b>34,594,951</b>	<b>36,550,423</b>	<b>36,105,877</b>

### 10.1 Item 10 “Guarantees given”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Commercial guarantees	8,194,996	8,153,112	8,127,703
b) Financial guarantees	4,071,184	4,344,006	4,238,717
c) Assets pledged	2,735	1,152	1,152
<b>Total</b>	<b>12,268,915</b>	<b>12,498,270</b>	<b>12,367,572</b>

### 10.2 Item 20 “Commitments”

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) Commitments to disburse funds, usage certain</b>	<b>13,507,390</b>	<b>17,075,258</b>	<b>16,761,410</b>
<i>of which: - Amounts available under irrevocable lines of credit</i>	3,737,353	5,988,792	5,757,403
- Securities to be received for transactions to be settled	2,861,361	1,178,201	1,176,411
- Deposits and loans to be disbursed	2,927,653	5,509,381	5,484,106
- Credit derivatives. Exposure to reference entity	230,000	23,839	23,839
- Other commitments to disburse funds	3,751,023	4,375,045	4,319,651
<b>b) Commitments to disburse funds, usage uncertain</b>	<b>8,818,646</b>	<b>6,976,895</b>	<b>6,976,895</b>
<i>of which: - Commitment to Interbank Deposit Protection Fund</i>	143,019	130,016	130,016
- Credit derivatives - Exposure to the reference entity	891,704	37,768	37,768
- Other commitments to disburse funds	7,783,923	6,809,111	6,809,111
<b>Total</b>	<b>22,326,036</b>	<b>24,052,153</b>	<b>23,738,305</b>

### 10.3 Assets used as collateral

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Investment and trading securities to secure bank drafts	221,262	188,381	188,381
Investment and trading securities to secure other services	59,745	-	-
Investments and trading securities connected with repo transactions	10,792,835	9,079,714	9,079,714
Reserve requirements to support foreign branches of UniCredito Italiano SpA	27,712	27,635	27,635
Securities and other items of value pledged as collateral	1,266,167	1,494,679	1,494,679
<b>Total</b>	<b>12,367,721</b>	<b>10,790,409</b>	<b>10,790,409</b>

### 10.4 Unused portions of credit lines

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Central banks	2,373,573	1,312,315	1,312,315
b) Other banks	279,205	1,503,587	1,503,587
<b>Total</b>	<b>2,652,778</b>	<b>2,815,902</b>	<b>2,815,902</b>

## 10.5 Forward transactions

€ '000

	AMOUNTS AS AT					
	31.12.2003			31.12.2002 RESTATED		
	HEDGING	TRADING	OTHER	HEDGING	TRADING	OTHER
<b>1. Trades</b>	<b>37,929,708</b>	<b>31,437,279</b>	<b>-</b>	<b>23,931,843</b>	<b>27,285,751</b>	<b>-</b>
1.1 Securities	-	5,259,691	-	1,854	3,467,181	-
- Purchases	-	2,861,361	-	925	1,177,276	-
- Sales	-	2,398,330	-	929	2,289,905	-
1.2 Currencies	37,929,708	26,167,588	-	23,929,989	23,818,570	-
- Currencies against currencies	4,320,449	2,433,442	-	2,460,828	1,298,137	-
- Purchases against euro	31,881,818	12,443,552	-	18,498,908	11,192,725	-
- Sales against euro	1,727,441	11,300,594	-	2,970,253	11,327,708	-
<b>2. Deposits and loans</b>	<b>-</b>	<b>2,379,953</b>	<b>3,060,829</b>	<b>73,797</b>	<b>2,848,030</b>	<b>5,534,496</b>
- To be disbursed	-	1,687,593	1,240,060	59,275	1,777,742	3,672,364
- To be received	-	692,360	1,820,769	14,522	1,070,288	1,862,132
<b>3. Derivatives</b>	<b>110,593,148</b>	<b>1,889,181,064</b>	<b>4,375,839</b>	<b>97,493,536</b>	<b>982,509,766</b>	<b>4,018,039</b>
3.1 With exchange of principal	4,902,605	41,365,552	356,661	6,150,207	48,355,325	458
a) Securities *	608,233	2,250,999	356,661	996,502	4,256,026	-
- Purchases	-	981,650	-	10,279	2,077,583	-
- Sales	608,233	1,269,349	356,661	986,223	2,178,443	-
b) Currencies	4,294,372	39,114,553	-	5,006,378	42,822,977	-
- Currencies against currencies	4,284,372	1,171,598	-	4,179,709	2,470,044	-
- Purchases against euro	10,000	17,714,743	-	176,475	20,350,086	-
- Sales against euro	-	20,228,212	-	650,194	20,002,847	-
c) Other valuables	-	-	-	147,327	1,276,322	458
- Purchases	-	-	-	-	761,709	458
- Sales	-	-	-	147,327	514,613	-
3.2 Without exchange of assets	105,690,543	1,847,815,512	4,019,178	91,343,329	934,154,441	4,017,581
a) Currencies	209,332	3,764,098	119,826	112,943	367,860	3,329
- Currencies against currencies	89,506	-	-	108,514	-	-
- Purchases against euro	118,646	1,891,604	1,180	2,948	186,051	1,481
- Sales against euro	1,180	1,872,494	118,646	1,481	181,809	1,848
b) Other assets ** ***	105,481,211	1,844,051,414	3,899,352	91,230,386	933,786,581	4,014,252
- Purchases	44,543,909	912,453,693	108,652	48,004,147	441,507,797	338,389
- Sales	60,937,302	931,597,721	3,790,700	43,226,239	492,278,784	3,675,863
<b>Total</b>	<b>148,522,856</b>	<b>1,922,998,296</b>	<b>7,436,668</b>	<b>121,499,176</b>	<b>1,012,643,547</b>	<b>9,552,535</b>

Currency trades and derivative contracts in off-balance-sheet transactions were not eliminated from intra-group dealings, as this would have been excessively onerous.

\* of which:  
 €24,823 implicit in structured securities acquired ("Trading" column)  
 €32,480 implicit in other financial derivatives ("Trading" column)

\*\* of which:  
 €1,837,676 implicit in structured securities issued or acquired ("Other transactions" column) and the same number implicit in related derivatives ("Hedging" column)  
 € 1.262.800 implicit in structured securities issues ("Other" column)  
 €39,986 implicit in structured funding instruments other than securities and the same number implicit in related derivatives ("Hedging" column)  
 €735,299 implicit in structured securities acquired ("Trading" column)  
 €3,695,694 implicit in other financial derivatives ("Trading" column)

\*\*\* Including basis swaps of €329,707,827 indicated as both purchases and sales.

Forward transactions (continued)

€ '000

	AMOUNTS AS AT 31.12.2002 HISTORICAL		
	HEDGING	TRADING	OTHER
<b>1. Trades</b>	<b>23,931,843</b>	<b>27,109,352</b>	<b>-</b>
1.1 Securities	1,854	3,465,326	-
- Purchases	925	1,175,486	-
- Sales	929	2,289,840	-
1.2 Currencies	23,929,989	23,644,026	-
- Currencies against currencies	2,460,828	1,246,562	-
- Purchases against euro	18,498,908	11,165,601	-
- Sales against euro	2,970,253	11,231,863	-
<b>2. Deposits and loans</b>	<b>34,000</b>	<b>2,848,030</b>	<b>5,534,496</b>
- To be disbursed	34,000	1,777,742	3,672,364
- To be received	-	1,070,288	1,862,132
<b>3. Derivatives</b>	<b>97,450,920</b>	<b>982,019,124</b>	<b>4,017,581</b>
3.1 With exchange of principals	6,150,207	47,946,422	-
a) Securities	996,502	4,016,339	-
- Purchases	10,279	1,941,324	-
- Sales	986,223	2,075,015	-
b) Currencies	5,006,378	42,663,903	-
- Currencies against currencies	4,179,709	2,412,448	-
- Purchases against euro	176,475	20,283,083	-
- Sales against euro	650,194	19,968,372	-
c) Other valuables	147,327	1,266,180	-
- Purchases	-	751,567	-
- Sales	147,327	514,613	-
3.2 Without exchange of assets	91,300,713	934,072,702	4,017,581
a) Currencies	112,943	367,860	3,329
- Currencies against currencies	108,514	-	-
- Purchases against euro	2,948	186,051	1,481
- Sales against euro	1,481	181,809	1,848
b) Other valuables	91,187,770	933,704,842	4,014,252
- Purchases	48,004,147	441,475,710	338,389
- Sales	43,183,623	492,229,132	3,675,863
<b>Total</b>	<b>121,416,763</b>	<b>1,011,976,506</b>	<b>9,552,077</b>

## Derivatives and foreign currency forward contracts - Notional principal

Complete information is provided in this section on derivative contracts, in accordance with the standards established jointly by the Basle Committee for Banking Supervision and by the International Organization of Securities Commissions (IOSCO).

### Notional principal broken down by type of contract and risk

€ '000

	AMOUNTS AS AT 31.12.2003				
	INTEREST RATES	EXCHANGE RATES AND GOLD	STOCK PRICES & INDICES	OTHER	TOTALS
<b>Trading contracts</b>	<b>1,465,647,437</b>	<b>64,775,710</b>	<b>59,705,052</b>	<b>112,858</b>	<b>1,590,241,057</b>
- <b>Unlisted</b>	<b>1,378,068,197</b>	<b>64,645,067</b>	<b>53,764,813</b>	<b>109,959</b>	<b>1,496,588,036</b>
Forwards	5,042,234	21,903,154	99,262	-	27,044,650
FRAs	86,396,937	-	-	-	86,396,937
Swaps	806,483,765	5,332,511	-	35,540	811,851,816
Basis Swaps	327,285,573	-	-	-	327,285,573
Options purchased	77,705,470	18,457,647	13,040,932	37,031	109,241,080
Options sold	75,154,218	18,951,755	40,624,619	37,388	134,767,980
- <b>Listed</b>	<b>87,579,240</b>	<b>130,643</b>	<b>5,940,239</b>	<b>2,899</b>	<b>93,653,021</b>
Forwards	117,914	-	279	-	118,193
Futures purchased	22,211,640	170	2,046,754	-	24,258,564
Futures sold	63,067,386	239	6,979	2,606	63,077,210
Options purchased	989,750	130,234	1,055,478	-	2,175,462
Options sold	1,192,550	-	2,830,749	293	4,023,592
<b>Non-trading contracts</b>	<b>97,394,368</b>	<b>39,856,459</b>	<b>9,220,059</b>	<b>119,958</b>	<b>146,590,844</b>
- <b>Unlisted</b>	<b>97,352,368</b>	<b>39,856,459</b>	<b>9,220,059</b>	<b>119,958</b>	<b>146,548,844</b>
Forwards	-	35,232,929	-	-	35,232,929
FRAs	10,783,481	-	-	-	10,783,481
Swaps	83,540,200	4,383,878	-	39,986	87,964,064
Basis Swaps	2,422,254	-	-	-	2,422,254
Options purchased	395,957	119,826	4,711,605	39,986	5,267,374
Options sold	210,476	119,826	4,508,454	39,986	4,878,742
- <b>Listed</b>	<b>42,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,000</b>
Forwards	-	-	-	-	-
Futures purchased	42,000	-	-	-	42,000
Futures sold	-	-	-	-	-
Options purchased	-	-	-	-	-
Options sold	-	-	-	-	-
<b>Grand total</b>	<b>1,563,041,805</b>	<b>104,632,169</b>	<b>68,925,111</b>	<b>232,816</b>	<b>1,736,831,901</b>
<i>of which: Unlisted</i>	<i>1,475,420,565</i>	<i>104,501,526</i>	<i>62,984,872</i>	<i>229,917</i>	<i>1,643,136,880</i>

These contracts were not eliminated from intra-group dealings, as this would have been excessively onerous.  
Currency and gold transactions having an original term of less than 15 days are not included in the statements.



**Unlisted contracts: notional capital, market value, potential credit equivalent (add-on)**

€ '000

	AMOUNTS AS AT 31.12.2003				
	INTEREST RATES	EXCHANGE RATES AND GOLD	STOCK PRICES & INDICES	OTHER	TOTALS
<b>Notional capital</b>	<b>1,475,420,565</b>	<b>104,501,526</b>	<b>62,984,872</b>	<b>229,917</b>	<b>1,643,136,880</b>
<b>Market values</b>					
<b>Trading contracts</b>					
<b>a) Positive value</b>					
Forwards	93,918	648,865	30	-	742,813
FRAs	24,618	-	-	-	24,618
Swaps	12,020,274	81,567	-	6,385	12,108,226
Basis Swaps	4,020,069	-	-	-	4,020,069
Options	1,165,580	1,534,536	2,360,494	4,283	5,064,893
	<b>17,324,459</b>	<b>2,264,968</b>	<b>2,360,524</b>	<b>10,668</b>	<b>21,960,619</b>
<b>b) Negative value</b>					
Forwards	42,967	681,898	22	-	724,887
FRAs	22,610	-	-	-	22,610
Swaps	9,454,308	91,080	-	5,149	9,550,537
Basis Swaps	2,498,607	-	-	-	2,498,607
Options	1,369,645	1,309,248	1,182,257	4,290	3,865,440
	<b>13,388,137</b>	<b>2,082,226</b>	<b>1,182,279</b>	<b>9,439</b>	<b>16,662,081</b>
<b>Non-trading contracts</b>					
<b>a) Positive value</b>					
Forwards	-	8,671	-	-	8,671
FRAs	5,208	-	-	-	5,208
Swaps	860,749	98,711	-	-	959,460
Basis Swaps	38,342	-	-	-	38,342
Options	3,264	230	277,033	4,532	285,059
	<b>907,563</b>	<b>107,612</b>	<b>277,033</b>	<b>4,532</b>	<b>1,296,740</b>
<b>b) Negative value</b>					
Forwards	-	1,509,054	-	-	1,509,054
FRAs	3,771	-	-	-	3,771
Swaps	1,484,637	40,982	-	5,644	1,531,263
Basis Swaps	24,643	-	-	-	24,643
Options	2,279	230	162,263	274	165,046
	<b>1,515,330</b>	<b>1,550,266</b>	<b>162,263</b>	<b>5,918</b>	<b>3,233,777</b>
<b>Market values</b>					
- Positive	<b>18,232,022</b>	<b>2,372,580</b>	<b>2,637,557</b>	<b>15,200</b>	<b>23,257,359</b>
- Negative	<b>14,903,467</b>	<b>3,632,492</b>	<b>1,344,542</b>	<b>15,357</b>	<b>19,895,858</b>
<b>Potential credit equivalent (add on)</b>	<b>5,915,627</b>	<b>1,189,084</b>	<b>1,333,106</b>	<b>16,255</b>	<b>8,454,072</b>

### Notional principal of unlisted contracts by residual life

€ '000

	AMOUNTS AS AT 31.12.2003			TOTAL
	UP TO ONE YEAR	FROM ONE TO FIVE YEARS	OVER FIVE YEARS	
<b>a) Interest rate contracts</b>	<b>319,936,015</b>	<b>934,112,964</b>	<b>221,371,586</b>	<b>1,475,420,565</b>
Forward trading	5,042,234	-	-	5,042,234
Derivatives	314,893,781	934,112,964	221,371,586	1,470,378,331
<i>of which: options purchased</i>	5,313,616	69,157,673	3,630,138	78,101,427
<b>b) Exchange rate contracts</b>	<b>93,082,508</b>	<b>9,847,445</b>	<b>1,571,573</b>	<b>104,501,526</b>
Forward trading	56,601,245	551,518	-	57,152,763
Derivatives	36,481,263	9,295,927	1,571,573	47,348,763
<i>of which: options purchased</i>	14,648,679	3,783,435	145,359	18,577,473
<b>c) Stock price contracts</b>	<b>11,252,484</b>	<b>42,240,267</b>	<b>9,492,121</b>	<b>62,984,872</b>
Forward trading	99,262	-	-	99,262
Derivatives	11,153,222	42,240,267	9,492,121	62,885,610
<i>of which: options purchased</i>	5,992,978	10,419,206	1,340,353	17,752,537
<b>d) Other contracts</b>	<b>93,640</b>	<b>136,277</b>	<b>-</b>	<b>229,917</b>
Forward trading	-	-	-	-
Derivatives	93,640	136,277	-	229,917
<i>of which: options purchased</i>	32,571	44,446	-	77,017
<b>Total</b>	<b>424,364,647</b>	<b>986,336,953</b>	<b>232,435,280</b>	<b>1,643,136,880</b>

### Information on the credit quality of unlisted contracts

€ '000

	AMOUNTS AS AT 31.12.2003							
	EXPOSURE BEFORE COLLATERAL AND PERSONAL GUARANTEES							Weighted credit equivalent net of guarantees*
	Market value		Credit exposure		Total exposure	Guarantees		
	Negative	Positive	Current	Potential		Real	Personal	
0% Governments, Zone A Central Banks	-	1,654	1,654	6,058	7,712	-	-	-
20% Government entities, Banks Zone A, Supranational, Banks Zone B with residual life up to 1 year	17,010,945	17,902,215	17,902,215	6,935,940	24,838,155	2,471,962	-	4,473,276
50% Individual customers	2,884,913	5,353,490	5,353,490	1,512,073	6,865,563	94,182	188	3,396,947
100% Government entities, Banks Zone B with residual life over 1 year	-	-	-	-	-	-	-	-
Total before netting agreements	19,895,858	23,257,359	23,257,359	8,454,071	31,711,430	2,566,144	188	7,870,223
Total after netting agreements	9,608,840	13,142,498	13,142,498	5,676,548	18,819,046	2,566,144	188	4,448,899

\* based on Basel Committee rules (Customers 50% - Banks 20%).

## Information on expired contracts and related loan losses

€ '000

Information on Expired Derivative Contracts	Time since expiration:	31.12.2003
Book value of expired derivatives	30 to 90 days	-
Book value of expired derivatives	over 90 days	-
Positive market value of expired derivatives	30 to 90 days	-
Positive market value of expired derivatives	over 90 days	-
Reported loan losses		-

## 10.6 Credit derivatives

€ '000

Transaction categories	AMOUNTS AS AT 31.12.2003	
	TRADING	OTHER
<b>1. Purchases of cover</b>	<b>468,129</b>	<b>2,093,709</b>
1.1. With exchange of assets *	468,129	-
- Credit Default Swap	468,129	-
- Credit Default Option	-	-
1.2. Without exchange of assets	-	2,093,709
- Credit Default Swap	-	2,093,709
- Credit Default Option	-	-
- Credit Linked Notes	-	-
- Credit Spread Options	-	-
- Credit Spread Swap	-	-
- Total rate of return swap	-	-
<b>2. Sales of cover</b>	<b>891,704</b>	<b>230,000</b>
2.1. With exchange of assets *	847,404	230,000
- Credit Default Swap	847,404	230,000
- Credit Default Option	-	-
2.2. Without exchange of assets	44,300	-
- Credit Default Swap	-	-
- Credit Default Option	-	-
- Credit Linked Notes	44,300	-
- Credit Spread Options	-	-
- Credit Spread Swap	-	-
- Total rate of return swap	-	-
<b>Total</b>	<b>1,359,833</b>	<b>2,323,709</b>

\* Credit derivatives requiring delivery of the "reference obligation" ("physical delivery").

## ● Section 11 CONCENTRATION AND DISTRIBUTION OF ASSETS AND LIABILITIES

### 11.1 Large exposures

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Amount	3,608,827	3,903,406	3,903,406
b) Number	2	2	2

This figure refers to the total of risk-weighted positions that constitute "large exposure" in accordance with current regulatory provisions (exposure exceeding 10% of consolidated regulatory capital).

### 11.2 Distribution of loans to customers by main categories of borrowers

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Governments	2,168,625	2,251,085	2,251,085
b) Other public entities	3,091,230	3,714,663	3,711,613
c) Non-financial entities	70,205,523	64,868,535	63,477,517
d) Financial companies	7,646,296	6,451,731	6,385,347
e) Family firms	6,656,104	6,562,268	6,463,343
f) Other borrowers	36,941,459	31,591,775	31,535,205
<b>Total</b>	<b>126,709,237</b>	<b>115,440,057</b>	<b>113,824,110</b>

### 11.3 Distribution of loans to Italian resident non-financial companies and family firms

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Other services	14,310,520	10,840,997	10,840,997
b) Commercial, recovery and repair services	11,038,492	10,140,272	10,140,272
c) Construction and civil engineering	6,301,476	5,826,118	5,826,118
d) Textile, leather and footwear and clothing products	3,382,316	3,204,676	3,204,676
e) Metal products	3,080,209	2,896,266	2,896,266
f) Other sectors	29,258,411	27,641,897	27,641,897
<b>Total</b>	<b>67,371,424</b>	<b>60,550,226</b>	<b>60,550,226</b>

### Distribution of credit derivatives (guarantees received) by main counterparty categories

€ '000

AMOUNTS AS AT 31.12.2003	
<b>Banking Book</b>	<b>2,093,709</b>
- Banks	1,805,691
- Financial institutions	288,018
<b>Trading Book</b>	<b>468,129</b>
- Banks	287,211
- Financial institutions	180,918
<b>Total</b>	<b>2,561,838</b>

### 11.4 Distribution of guarantees given by main categories of counterparties

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
a) Governments	14,790	7,429	7,429
b) Other public entities	131,237	128,956	96,763
c) Banks	1,029,505	969,469	942,534
d) Non-financial companies	9,434,690	8,943,593	8,894,654
e) Financial companies	371,517	634,618	627,104
f) Family firms	130,792	175,602	164,678
g) Other businesses	1,156,384	1,638,603	1,634,410
<b>Total</b>	<b>12,268,915</b>	<b>12,498,270</b>	<b>12,367,572</b>

### Distribution of credit derivatives (guarantees given) by main counterparty categories

€ '000

AMOUNTS AS AT 31.12.2003	
<b>Banking Book</b>	<b>230,000</b>
- Banks	230,000
- Financial institutions	-
<b>Trading Book</b>	<b>891,704</b>
- Banks	761,445
- Financial institutions	130,259
<b>Total</b>	<b>1,121,704</b>

## 11.5 Geographical distribution of assets and liabilities

€ '000

		ITALY	OTHER EU COUNTRIES	OTHER COUNTRIES	TOTAL
<b>1. Assets</b>	<b>2003</b>	<b>131,259,602</b>	<b>32,495,303</b>	<b>25,264,179</b>	<b>189,019,084</b>
	2002 (restated)	121,791,415	11,154,394	43,104,071	176,049,880
	2002	121,772,934	10,569,201	40,010,374	172,352,509
<b>1.1 Loans to banks</b>	<b>2003</b>	<b>4,642,374</b>	<b>24,065,401</b>	<b>4,075,483</b>	<b>32,783,258</b>
	2002 (restated)	6,201,761	4,961,920	18,316,616	29,480,297
	2002	6,201,017	4,583,329	17,314,215	28,098,561
<b>1.2 Loans to customers</b>	<b>2003</b>	<b>111,235,377</b>	<b>2,510,420</b>	<b>12,963,440</b>	<b>126,709,237</b>
	2002 (restated)	98,118,587	2,156,235	15,165,235	115,440,057
	2002	98,118,546	2,038,394	13,667,170	113,824,110
<b>1.3 Securities</b>	<b>2003</b>	<b>15,381,851</b>	<b>5,919,482</b>	<b>8,225,256</b>	<b>29,526,589</b>
	2002 (restated)	17,471,067	4,036,239	9,622,220	31,129,526
	2002	17,453,371	3,947,478	9,028,989	30,429,838
<b>2. LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2003</b>	<b>102,110,476</b>	<b>44,494,468</b>	<b>39,110,753</b>	<b>185,715,697</b>
	2002 (restated)	104,371,483	25,518,109	39,406,856	169,296,448
	2002	104,369,772	25,122,696	36,332,052	165,824,520
<b>2.1 Due to banks</b>	<b>2003</b>	<b>13,396,991</b>	<b>16,774,958</b>	<b>14,080,336</b>	<b>44,252,285</b>
	2002 (restated)	11,363,282	8,575,874	12,733,604	32,672,760
	2002	11,362,426	8,296,166	12,332,292	31,990,884
<b>2.2 Due to customers</b>	<b>2003</b>	<b>71,175,278</b>	<b>3,851,718</b>	<b>22,775,815</b>	<b>97,802,811</b>
	2002 (restated)	68,546,810	2,772,864	24,804,155	96,123,829
	2002	68,545,955	2,688,828	22,133,471	93,368,254
<b>2.3 Securities in issue</b>	<b>2003</b>	<b>12,073,885</b>	<b>23,867,792</b>	<b>1,356,006</b>	<b>37,297,683</b>
	2002 (restated)	18,696,780	13,580,601	898,884	33,176,265
	2002	18,696,780	13,580,601	896,076	33,173,457
<b>2.4 Other liabilities</b>	<b>2003</b>	<b>5,464,322</b>	<b>-</b>	<b>898,596</b>	<b>6,362,918</b>
	2002 (restated)	5,764,611	588,770	970,213	7,323,594
	2002	5,764,611	557,101	970,213	7,291,925
<b>3. GUARANTEES AND COMMITMENTS</b>	<b>2003</b>	<b>21,538,830</b>	<b>3,805,213</b>	<b>9,250,908</b>	<b>34,594,951</b>
	2002 (restated)	25,962,403	1,853,994	8,734,026	36,550,423
	2002	25,941,473	1,744,629	8,419,775	36,105,877

## 11.6 Breakdown of assets and liabilities by maturity

ITEMS/RESIDUAL LIFE		FIXED		
		on demand	up to 3 months	3 to 12 months
<b>1. Assets</b>	<b>2003</b>	<b>42,690,399</b>	<b>533,784,465</b>	<b>475,721,958</b>
	2002 (restated)	40,865,205	290,592,704	248,585,001
	2002	40,807,855	288,499,969	247,761,256
<b>1.1 Refinanceable treasury notes</b>	<b>2003</b>	<b>79,186</b>	<b>338,856</b>	<b>141,224</b>
	2002 (restated)	67,647	290,134	584,658
	2002	67,647	290,134	584,658
<b>1.2 Loans to banks</b>	<b>2003</b>	<b>2,370,766</b>	<b>22,892,279</b>	<b>3,788,431</b>
	2002 (restated)	3,716,971	18,503,217	4,607,106
	2002	3,665,402	17,264,961	4,554,089
<b>1.3 Loans to customers</b>	<b>2003</b>	<b>24,799,631</b>	<b>20,936,501</b>	<b>13,321,327</b>
	2002 (restated)	25,056,290	21,323,369	13,422,273
	2002	25,050,509	20,817,034	12,847,472
<b>1.4 Bonds and other debt securities</b>	<b>2003</b>	<b>134,717</b>	<b>3,943,035</b>	<b>5,886,111</b>
	2002 (restated)	80,398	1,981,225	8,607,310
	2002	80,398	1,937,359	8,483,245
<b>Total 1.1/1.2/1.3/1.4</b>	<b>2003</b>	<b>27,384,300</b>	<b>48,110,671</b>	<b>23,137,093</b>
	2002 (restated)	28,921,306	42,097,945	27,221,347
	2002	28,863,956	40,309,488	26,469,464
<b>1.5 "Off-balance-sheet" transactions</b>	<b>2003</b>	<b>15,306,099</b>	<b>485,673,794</b>	<b>452,584,865</b>
	2002 (restated)	11,943,899	248,494,759	221,363,654
	2002	11,943,899	248,190,481	221,291,792
<b>2. LIABILITIES</b>	<b>2003</b>	<b>81,097,745</b>	<b>562,167,897</b>	<b>474,168,437</b>
	2002 (restated)	75,847,631	314,359,811	233,790,097
	2002	75,048,046	312,218,911	233,186,124
<b>2.1 Due to banks</b>	<b>2003</b>	<b>3,713,846</b>	<b>33,494,763</b>	<b>4,436,624</b>
	2002 (restated)	3,820,732	23,579,311	2,527,464
	2002	3,817,709	23,324,289	2,235,195
<b>2.2 Due to customers</b>	<b>2003</b>	<b>63,025,834</b>	<b>29,942,372</b>	<b>3,182,449</b>
	2002 (restated)	61,851,575	28,098,765	4,121,236
	2002	61,055,013	26,486,053	3,856,786
<b>2.3 Securities in issue</b>				
<b>- Bonds</b>	<b>2003</b>	<b>114,595</b>	<b>935,093</b>	<b>1,978,093</b>
	2002 (restated)	173,069	482,813	3,937,507
	2002	173,069	482,803	3,937,294
<b>- Certificates of deposit</b>	<b>2003</b>	<b>116,640</b>	<b>22,934,753</b>	<b>2,409,289</b>
	2002 (restated)	124,702	14,460,379	2,538,081
	2002	124,702	14,460,379	2,538,081
<b>- Other securities</b>	<b>2003</b>	<b>788,696</b>	<b>15,965</b>	<b>7,913</b>
	2002 (restated)	946,457	29,236	8,512
	2002	946,457	26,799	8,512
<b>2.4 Subordinated debt</b>	<b>2003</b>	<b>-</b>	<b>-</b>	<b>599,887</b>
	2002 (restated)	812	-	762,987
	2002	812	-	762,987
<b>Total 2.1/2.2/2.3/2.4</b>	<b>2003</b>	<b>67,759,611</b>	<b>87,322,946</b>	<b>12,614,255</b>
	2002 (restated)	66,917,347	66,650,504	13,895,787
	2002	66,117,762	64,780,323	13,338,855
<b>2.5 "Off-balance-sheet" transactions</b>	<b>2003</b>	<b>13,338,134</b>	<b>474,844,951</b>	<b>461,554,182</b>
	2002 (restated)	8,930,284	247,709,307	219,894,310
	2002	8,930,284	247,438,588	219,847,269

Currency trades and derivative contracts in off-balance-sheet transactions were not eliminated from intra-group dealings, as this would have been excessively onerous.

Assets and liabilities have been distributed by maturity on the basis of their remaining life. The "on demand" category also includes assets and liabilities with a residual life of no more than 24 hours. Therefore, "on demand" loans to banks and "on demand" amounts due to banks and customers do not correspond to the amounts shown in the accounts, which take into account only the contractual nature of the position.

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TERM	1 to 5 years		over 5 years		UNSPECIFIED TERM	TOTAL
	fixed rate	indexed rate	fixed rate	indexed rate		
	362,442,969	170,686,033	129,225,318	34,095,202	6,731,239	1,755,377,583
	161,984,364	175,344,552	50,696,566	33,789,630	5,205,577	1,007,063,599
	161,444,150	175,013,309	50,515,070	33,751,149	5,170,751	1,002,963,509
	64,347	446,242	939,724	44,422	-	2,054,001
	309,840	315,028	1,117,609	88,127	-	2,773,043
	309,840	315,028	1,117,609	88,127	-	2,773,043
	1,211,043	74,782	737	5,864	2,439,356	32,783,258
	961,996	259,984	19,029	45,452	1,366,542	29,480,297
	947,042	252,431	19,029	45,452	1,350,155	28,098,561
	7,156,250	24,658,887	4,707,186	27,305,309	3,824,146	126,709,237
	7,599,919	19,504,159	4,644,451	20,098,646	3,790,950	115,440,057
	7,325,494	19,349,714	4,601,211	20,060,165	3,772,511	113,824,110
	4,821,723	3,034,017	4,150,080	3,267,097	111,724	25,348,504
	6,269,377	3,680,262	2,887,253	3,287,482	43,803	26,837,110
	6,048,426	3,511,015	2,748,997	3,287,482	43,803	26,140,725
	13,253,363	28,213,928	9,797,727	30,622,692	6,375,226	186,895,000
	15,141,132	23,759,433	8,668,342	23,519,707	5,201,295	174,530,507
	14,630,802	23,428,188	8,486,846	23,481,226	5,166,469	170,836,439
	349,189,606	142,472,105	119,427,591	3,472,510	356,013	1,568,482,583
	146,843,232	151,585,119	42,028,224	10,269,923	4,282	832,533,092
	146,813,348	151,585,121	42,028,224	10,269,923	4,282	832,127,070
	421,870,154	112,825,500	95,641,675	5,759,314	494,214	1,754,024,936
	196,550,788	118,461,345	49,590,525	11,969,018	1,056,878	1,001,626,093
	196,313,827	118,408,937	49,546,400	11,969,018	1,056,878	997,748,141
	1,041,856	1,044,321	278,521	242,354	-	44,252,285
	1,056,499	701,362	41,474	945,101	817	32,672,760
	977,345	648,954	41,474	945,101	817	31,990,884
	412,356	669,898	81,033	434,498	54,371	97,802,811
	375,205	962,027	83,740	486,564	144,717	96,123,829
	293,354	962,027	83,740	486,564	144,717	93,368,254
	4,793,017	2,257,595	453,047	213,883	94,127	10,839,450
	4,001,138	4,345,879	457,839	1,475,741	-	14,873,986
	4,000,990	4,345,879	457,839	1,475,741	-	14,873,615
	123,905	51,221	-	9,664	-	25,645,472
	131,038	63,782	-	-	-	17,317,982
	131,038	63,782	-	-	-	17,317,982
	187	-	-	-	-	812,761
	92	-	-	-	-	984,297
	92	-	-	-	-	981,860
	40,000	91,551	2,357,309	3,100,827	-	6,189,574
	20,000	599,397	2,480,783	2,346,767	909,401	7,120,147
	20,000	599,397	2,449,114	2,346,767	909,401	7,088,478
	6,411,321	4,114,586	3,169,910	4,001,226	148,498	185,542,353
	5,583,972	6,672,447	3,063,836	5,254,173	1,054,935	169,093,001
	5,422,819	6,620,039	3,032,167	5,254,173	1,054,935	165,621,073
	415,458,833	108,710,914	92,471,765	1,758,088	345,716	1,568,482,583
	190,966,816	111,788,898	46,526,689	6,714,845	1,943	832,533,092
	190,891,008	111,788,898	46,514,233	6,714,845	1,943	832,127,068



## 11.7 Assets and liabilities in foreign currency

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) Assets</b>			
1. Loans to banks	5,342,462	6,634,783	5,398,947
2. Loans to customers	12,691,231	14,947,086	13,602,775
3. Securities	7,875,868	8,595,973	8,056,823
4. Equity investments	148,225	349,050	344,736
5. Other accounts	540,720	349,356	320,874
	<b>26,598,506</b>	<b>30,876,248</b>	<b>27,724,155</b>
<b>b) Liabilities</b>			
1. Due to banks	13,659,853	12,494,798	11,882,115
2. Due to customers	19,691,374	18,965,935	16,664,501
3. Securities in issue	17,480,509	11,058,022	11,056,555
4. Other accounts	357,388	981,616	949,947
	<b>51,189,124</b>	<b>43,500,371</b>	<b>40,553,118</b>

Based on current regulations, "other accounts" under assets are made up of item 10; "other accounts" under liabilities are made up of items 40 and 110.

The following exchange rates were used for the conversion into euros of foreign currency accounts of companies consolidated on a line-by-line basis, and of foreign currency entries of major significance in the Group's operations:

### EXCHANGE RATE AS AT 31 DECEMBER 2003

Czech Republic koruna	32.41000
Slovak Republic koruna	41.17000
Bosnian dinar	1.95580
Australian dollar	1.68020
Hong Kong dollar	9.80490
United States dollar	1.26300
Swiss franc	1.55790
Ukrainian hryvnia	6.73431
Croatian kuna	7.64964
Romanian leu	41,158.00000
Bulgarian lev	1.95570
Turkish lira	1,771,638.00000
New Israeli sheqel	5.48580
British pound	0.70480
Polish zloty	4.70190

The above exchange rates represent euro parity in relation to individual foreign currencies.

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## 11.8 Securitisation transactions

The Group's main aim in performing securitisation transactions is to free up "economic capital" and/or obtain new liquidity, and to obtain greater diversification in funding sources.

The advisability of securitisation transactions is evaluated on the basis of the ability to create value; in this regard, a decision procedure was developed and centralised at Parent Company level, for planning, evaluating and executing securitisations.

The process includes an economic feasibility study phase used to evaluate the impact on capital (Tier I Ratio and Total Capital Ratio of the Group), and on EVA (Economic Value Added) and RARORAC (Risk Adjusted Return On Risk Adjusted Capital).

If the evaluation in this first phase is positive, a technical and operational feasibility study is begun to examine the assets to be securitised, and the transaction structure is established.

Once technical feasibility is established, the transaction is carried out.

During 2003 UniCredit Banca d'Impresa took part in a securitisation transaction known as "Aeroporti di Roma" which involved the sale without recourse, pursuant to Law No. 130 of 30 April 1999, of loans to Aeroporti di Roma SpA held by a number of credit institutions, for a total amount of €1,265.0 million. The sale was made to Romulus Finance S.r.L., a special purpose vehicle which was established under Italian law pursuant to Law 130/99.

On 20 February, the reference date for the sale, the amount of the position sold by UniCredit Banca d'Impresa, represented by unsecured performing loans, was €47.7 million. The sale took place at the face value of the loans. UniCredit Banca d'Impresa has not underwritten any security resulting from the securitisation.

Existing positions are also provided below in securities and deposits originating from prior securitisations, asset and third party (for the sake of convenience the "Ref." column includes the references also given in the detail pages):

**Portfolio loans and securities originating from securitisation transactions:**

(€ million)

Class	Classification of underlying assets	Type of underlying assets				Total	Write-downs	Write-backs	Book value
		Asset	Ref.	Minorities	Ref.				
<b>Subordinated Deposits</b>		<b>109.9</b>		<b>7.3</b>		<b>117.2</b>	<b>-1.7</b>	<b>-</b>	<b>115.5</b>
	<i>Junior</i>								
		46.7	(a)			46.7			46.7
	"	48.6	(f)			48.6			48.6
	"	14.6	(g)			14.6			14.6
				7.3	(m)	7.3	-1.7		5.6
<b>Investment securities</b>		<b>114.1</b>		<b>366.4</b>		<b>480.5</b>	<b>-45.0</b>	<b>-</b>	<b>435.5</b>
	<i>Senior</i>	5.0		356.3		361.3	-42.0	-	319.3
		-		0.2	(q)	0.2	-	-	0.2
		-		-		-	-	-	-
		-		309.2	(n)	309.2	-42.0	-	267.2
	"	-		46.9	(r)	46.9	-	-	46.9
	"	5.0	(i)	-		5.0	-	-	5.0
	<i>Mezzanine</i>	84.9		-		84.9	-0.7	-	84.2
		84.9	(d)	-		84.9	-0.7	-	84.2
		-		-		-	-	-	-
		-		-		-	-	-	-
	<i>Junior</i>	24.2		10.1		34.3	-2.3	-	32.0
		20.8	(e)	0.6	(o)	21.4	-	-	21.4
		-		-		-	-	-	-
		3.4	(h)	9.5	(p)	12.9	-2.3		10.6
<b>Trading securities</b>		<b>53.5</b>		<b>1,674.7</b>		<b>1,728.0</b>			<b>1,728.0</b>
	<i>Senior</i>	45.8		1,656.5		1,702.3			1,702.3
		-		381.6	(u)	381.6			381.6
		-		-		-			-
		36.5	(b)	1,274.9	(v)	1,311.4			1,311.4
	"	9.3	(l)	-		9.3			9.3
	<i>Mezzanine</i>	7.7		5.8		13.5			13.5
		-		-		-			-
		-		-		-			-
		7.7	(c)	5.8	(t)	13.5			13.5
	<i>Junior</i>	-		12.2		12.2			12.2
		-		-		-			-
		-		-		-			-
		-		12.2	(s)	12.2			12.2
<b>Total</b>		<b>277.5</b>		<b>2,048.2</b>		<b>2,325.7</b>	<b>-46.7</b>	<b>-</b>	<b>2,279.0</b>

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To be specific:

## **Asset securitisations**

### ***Cordusio synthetic securitisation***

- ***Origin:***

Transaction carried out in 2001 using performing loans to mid-large corporates by UniCredito Italiano, and the former federated banks Credito Italiano, Cariverona (now included in UniCredit Banca d'Impresa) and Banca Mediocredito, totalling €2,075 million;

- ***Principal features:***

A synthetic transaction (meaning that no loans were sold, and therefore remain on the books of the banks concerned) was carried out by means of the stipulation of two Credit Default Swap contracts:

- the first, entered into with SPV (special purpose vehicle) Cordusio Plc, guarantees coverage of any losses for the first €280.1 million through the establishment of collateral deposits at the banks concerned in proportion to the share of loans subject to coverage (€233.4 million from the issuance of Credit Linked Notes by the SPV and €46.7 million from the direct payment by the banks of a subordinated deposit serving as a first loss);
- the second, which was entered into with a leading foreign bank, provides for the hedging of the remaining €1,794.9 million.

For the purposes of capital requirements, this enables the underlying loans to be weighted not at 100%, but 0% for the first CDS and 20% for the second CDS.

The transaction has a legal maturity of 1 April 2012. However, UniCredito Italiano, for itself and on behalf of the other participating banks, will have the right, but not the obligation, to terminate the CDS contracts on 1 April 2005.

- ***Risk situation:***

There were no defaults or increased risks in 2003 compared to 2002.

The portfolio concerned in the transaction is monitored on an ongoing basis, and is recorded in the form of a quarterly report which provides a breakdown of the status of the loans.

Up to 1 April 2005, and in agreement with the transaction arranger (Euro Capital Structures Ltd. - E.C.S.), replenishments and substitutions to the portfolio may be made. The former are necessary in the event that the loans in the basket are repaid early or are amortised, while the latter are discretionary and must comply with the eligibility criteria for the loans. A report is provided quarterly to the rating agencies on changes in the portfolio composition.

The monitoring described above is also intended to ensure that the transaction achieves the objective of freeing up regulatory capital.

• **Portfolio status:**

Based on the referenced contractual requirements, and notwithstanding the division of the junior portions, the composition of the portfolio has changed, and as at December 2003 was as follows:

(€ million)

COMPANIES	UNICREDITO ITALIANO	UNICREDIT BANCA D'IMPRESA	UNICREDIT BANCA MEDIO CREDITO	TOTAL	Ref.	%
Senior	516.0	1,220.9	58.0	1,794.9		86.5%
Mezzanine	63.3	163.0	7.1	233.4		11.2%
Junior (first loss) *	17.3	27.5	1.9	46.7	(a)	2.3%
<b>TOTAL</b>	<b>596.6</b>	<b>1,411.4</b>	<b>67.0</b>	<b>2,075.0</b>		<b>100.0%</b>
	28.8%	68.0%	3.2%	100.0%		

\* portion for which the individual banks are still responsible and resulting in capital absorption of the same amount.

At the end of the year, the following notes remained in the trading securities of UniCredit Banca Mobiliare SpA:

(€ million)

ISIN Code	Bond Description	Type	Face Value	Book Value	Ref.	Classification	Tranche amount
XS0144051199	CORDUSIO 1 A	Senior	36.5	36.5	(b)	Performing	98.5
XS0144057121	" 1 D	Mezzanine	6.5	6.4	(c)	Performing	41.5
XS0144058442	" 1 E	Mezzanine	1.3	1.3	(c)	Performing	15.6
			<b>44.3</b>	<b>44.2</b>			<b>155.6</b>

**“Quercia Funding” securitisation**

• **Origin:**

Transaction performed in 2001 by Cariverona (absorbed in July 2002 by UniCredito Italiano) and Mediobanca, which changed its name to UniCredito Gestione Crediti (UGC Banca SpA) in April 2002.

• **Principal features:**

- mortgage loans and unsecured loans (classified as non-performing and held separately by the above two banks) were used;
- bonds were issued for a total of €217.4 million with a legal maturity of 1 August 2015, divided as follows: €111.7 million class A, €39.5 million class B, €26.0 million class C, €19.4 million class D, and €20.8 million class E (unrated subordinated portion).

All of the class E subordinated bonds were purchased by Cariverona and then following the referenced merger, were absorbed into UniCredito Italiano; in January 2003 the holding company sold these to UniCredit Banca d'Impresa at face value which then included them in its investment securities portfolio.

Class B, C and D bonds (totalling €84.9 million) were purchased by Cariverona Ireland PLC, which sold them to UniCredito Italiano Ireland Plc in 2003.

– ownership of the Interest Rate Cap contract, which provides the vehicle company with an interest rate risk hedge on the class A, B, and C bonds, was transferred to UniCredit Banca Mobiliare SpA (UBM).

• **Risk situation:**

Recovery operations related to the portfolio securitised, which were entrusted to UGC Banca SpA, were consistent at year-end with full recovery of the principal invested and, in some cases, repayments were occurring faster than projected by the servicer and reported in the offering circular at the time the transaction was begun.

Given this performance, we think it possible that the return on the subordinated class at maturity will be in line with the returns reported for the rated tranches.

• **Portfolio status:**

(€ million)

ISIN Code	Bond Description	Type	Remaining on the books of	Portfolio	Face Value	Ref.	Write-backs and writedown		Book Value
							In previous years	In 2003	
XS0140094003	Quercia B	Mezzanine	UCI-Ireland	Investment	39.5	(d)	-	-	39.5
XS0140095158	Quercia C	Mezzanine	UCI-Ireland	Investment	26.0	(d)	-	- 0.2 *	25.8
XS0140095406	Quercia D	Mezzanine	UCI-Ireland	Investment	19.4	(d)	-	- 0.5 *	18.9
IT0003382451	Quercia E	Junior	UniCredit Banca d'Impresa	Investment	20.8	(e)	-	-	20.8
					<b>105.7</b>		<b>-</b>	<b>- 0.7</b>	<b>105.0</b>

\* trading spread originating from the transfer of the securities at market prices.

**The amount of securitised assets (represented by the net value of existing loans) underlying junior securities is €99.7 million.**

**LOCAT securitisation**

In previous periods Locat initiated a substantial securitisation programme pursuant to Law 130/99 for performing loans arising under leases. The goal is to achieve greater matching between deposit and loan maturities, diversify funding sources, and improve regulatory capital ratios.

In this context, in 2001 two separate transactions were carried out. Asset sales totalled €549 million and €1,707 million, respectively.

Pursuant to and in accordance with Law 130/99, for both transactions LOCAT acts as servicer of the portfolios sold, continues to collect rentals and administer the contracts, and receives compensation based on the amounts collected during the reference period.

### Information on individual Locat securitisations

#### 1) Purchaser: Absolute Funding Srl

#### Key structural data

Originator:	Locat SpA
Issuer :	Absolute Funding Srl
Servicer:	Locat SpA
Closing date:	25-May-01
Nature of portfolio sold:	Performing loans resulting from leases for capital assets
Legal nature of sale:	Without recourse
Amount of securitised assets:	€ 549,002,986
Sale price:	€ 400,000,000 (72.9%) at closing of the transaction
	€ 96,700,000 (17.6%) at the end of the revolving period
	(in year 3) *
	€ 52,302,986 (9.5%) credit enhancement **
Amount of securities issued:	€ 400,000,000 (AAA)
Underwriter of bonds issued:	European Bank for Investments (EBI)
End of revolving period:	15-Jun-04
Arranger:	Euro Capital Structures Ltd
* Deferred Purchase Price (DPP): with the same degree of subordination as the bonds issued (AAA), unless certain events occur, and it is not considered "credit enhancement". Interest accrues on this bond quarterly (Euribor 3-month + 0.30%)	
** "Additional compensation": higher degree of subordination than the bonds and the DPP. Paid quarterly based on portfolio performance.	
<b>The value of the "credit enhancement" loans as at 31 December 2003 was € 48.6 million - Ref. f.</b>	

#### Total amount of assets securitised

					(€ million)
Type of asset	Credits sold	of which:			Sale price
		Principal portion	Interest accrued at the sale date	Interest accrued subsequently	
		(a)	(b)	(a+b)	
Loans arising under leases					
Initial sale	606.5	547.2	1.8	57.5	549.0
Sales amount in 2001	145.6	124.4	0.5	20.7	124.9
Sales amount in 2002	276.5	243.0	0.7	32.8	243.7
Sales amount in 2003	288.6	256.1	0.6	31.9	256.7
Total	1,317.2	1,170.7	3.6	142.9	1,174.3

### Status of securitised assets outstanding as at 31 December 2003

(net of interest applicable to future periods)

(€ million)

	Face value		Writedowns		Book Value	
	2003	2002	2003	2002	2003	2002
<b>A Bad and doubtful debts</b>	<b>13.5</b>	<b>7.2</b>	<b>7.9</b>	<b>3.7</b>	<b>5.6</b>	<b>3.5</b>
A1 Non-performing	10.8	4.9	6.3	2.6	4.5	2.3
A2 Doubtful	2.7	2.3	1.6	1.1	1.1	1.2
<b>B Performing loans</b>	<b>530.4</b>	<b>537.4</b>	<b>0.2</b>	<b>0.2</b>	<b>530.2</b>	<b>537.2</b>
<b>Total loans sold</b>	<b>543.9</b>	<b>544.6</b>	<b>8.1</b>	<b>3.9</b>	<b>535.8</b>	<b>540.7</b>

### Geographic distribution of securitised assets

All securitised asset counterparties were residents of Italy.

### Distribution of securitised assets by economic sector

(€ million)

Business sector	2003	2002
Local governments	0.1	0.2
Other financial intermediaries	-	0.1
Financial auxiliaries	-	0.2
Associations of non-financial companies	0.4	0.3
Government companies	-	-
Non-financial artisan quasi-companies	76.4	78.4
Other non-financial quasi-companies	45.9	48.6
Non-profit institutions assisting households	0.2	0.2
Private companies	382.9	378.5
Units that cannot be classified and were not classified	-	-
Consumer households	0.4	0.3
Family firms	37.6	37.8
<b>Total</b>	<b>543.9</b>	<b>544.6</b>

### Distribution by residual life

(€ million)

	Matured loans		Maturing loans Principal	
	2003	2002	2003	2002
Up to three months	-	-	63.6	63.2
From three months to one year	-	-	168.4	161.8
From one to five years	-	-	296.8	310.4
Over five years	-	-	-	-
Unspecified term	15.1	9.2	-	-
<b>TOTAL</b>	<b>15.1</b>	<b>9.2</b>	<b>528.8</b>	<b>535.4</b>



## Risk-weighted assets

(€ million)

	2003	2002
Absolute Funding Srl	533.4	540.0

## 2) Purchaser: Locat Securitisation Vehicle Srl

### Key transaction data:

Originator:	Locat SpA
Issuer:	Locat Securitisation Vehicle Srl
Servicer:	Locat SpA
Closing date:	28-Nov-01
Nature of portfolio sold:	Performing financial loans resulting from leases for automobiles, capital assets and property
Legal nature of sale:	Without recourse
Amount of securitised assets:	€ 1,707,105,053
Sale price:	€1,691,400,000 (99.08%) on the bond issuance date €15,705,053 (0.92%) credit enhancement *
Amount of securities issued:	€800,000,000 (AAA/Aaa) - repayable starting 12 March 2004 ** €800,000,000 (AAA/Aaa) - repayable starting 12 March 2007 €44,000,000 (A/A2) - repayable starting 12 March 2004 ** €44,000,000 (A/A2) - repayable starting 12 March 2007 €3,400,000 (unrated) - credit enhancement ***
Purchaser of senior and mezzanine bonds:	Institutional investors
Purchaser of junior bonds:	Locat SpA
End of revolving period:	12-Mar-07
Arrangers:	BNP PARIBAS, Euro Capital Structures Ltd, Finanziaria Internazionale SpA, UniCredit Banca Mobiliare SpA
* "deferred purchase price" (DDP): subordinate to the mezzanine bonds (A/A2), on which quarterly interest accrues (3-month Euribor + 0.20%)	
** it should be noted that the redemption option has been exercised for these bonds.	
*** "junior" bonds - Ref. h: senior to the DPP; interest accrues quarterly (3-month Euribor + 1.50%)	
The amount of the credit enhancement securities as at 31 December 2003 was € 14.6 million - Ref. g and € 3.4 million for the junior securities Ref. h.	
<b>The amount of the securitised assets under junior securities is € 1,671.7 million.</b>	

## Total amount of securitised assets

(€ million)

Type of asset	Credits sold	of which:			Sale price  (a+b)
		Principal portion (a)	Interest accrued at sale date (b)	Interest accrued subsequently	
<b>Credits arising under leases</b>					
- Motor vehicles	580.7	515.8	1.5	63.4	517.3
- Capital assets	753.0	676.8	0.8	75.4	677.6
- Commercial and industrial properties	650.7	511.4	0.8	138.5	512.2
<b>TOTAL</b>	<b>1,984.4</b>	<b>1,704.0</b>	<b>3.1</b>	<b>277.3</b>	<b>1,707.1</b>

## ADDITIONAL SALES (REVOLVING)

(€ million)

Type of asset	Credits sold	of which:			Sale price  (a+b)
		Principal portion (a)	Interest accrued at sale date (b)	Interest accrued subsequently	
Sales in 2002	848.0	647.5	0.9	199.6	648.4
Sales in 2003:	806.9	665.3	0.9	140.7	666.2
- Motor vehicles	157.6	139.4	0.4	17.8	139.8
- Capital assets	161.5	143.9	0.1	17.5	144.0
- Commercial and industrial properties	487.8	382.0	0.4	105.4	382.4
<b>Total sales</b>	<b>1,654.9</b>	<b>1,312.8</b>	<b>1.8</b>	<b>340.3</b>	<b>1,314.6</b>

## Status of securitised assets outstanding as at 31 December 2003

(net of interest applicable to future periods)

(€ million)

	Face value		Writedowns		Book value	
	2003	2002	2003	2002	2003	2002
<b>A Bad and doubtful loans</b>	<b>9.5</b>	<b>6.4</b>	<b>3.2</b>	<b>0.9</b>	<b>6.3</b>	<b>5.5</b>
A1 Non-performing	6.4	2.7	2.5	0.6	3.9	2.1
A2 Doubtful	3.1	3.7	0.7	0.3	2.4	3.4
<b>B Performing</b>	<b>1,673.6</b>	<b>1,672.8</b>	<b>15.8</b>	<b>8.5</b>	<b>1,657.8</b>	<b>1,664.3</b>
<b>Total loans sold</b>	<b>1,683.1</b>	<b>1,679.2</b>	<b>19.0</b>	<b>9.4</b>	<b>1,664.1</b>	<b>1,669.8</b>

## Geographic distribution of securitised assets

All securitised asset counterparties were residents of Italy.

## Distribution of securitised assets by economic sector

(€ million)

Business sector	2003	2002
Other financial intermediaries	10.8	11.3
Financial auxiliaries	1.9	1.9
Associations of non-financial companies	0.9	1.5
Non-financial artisan quasi-companies	197.4	222.2
Other non-financial quasi-companies	156.1	160.4
Private companies	1,184.4	1,098.9
Consumer households	2.2	4.3
Family firms	129.4	178.7
<b>Total</b>	<b>1,683.1</b>	<b>1,679.2</b>

## Distribution by residual life

(€ million)

	Matured loans		Maturing loans			
			Principal		Other*	
	2003	2002	2003	2002	2003	2002
Up to three months	-	-	136.9	156.3 **	17.8	19.5
From three months to one year	-	-	341.1	397.8	-	-
From one year to five years	-	-	923.1	883.8	-	-
Over five years	-	-	260.3	220.1	-	-
Unspecified term	3.9	1.7 **	-	-	-	-
<b>TOTAL</b>	<b>3.9</b>	<b>1.7</b>	<b>1,661.4</b>	<b>1,658.0</b>	<b>17.8</b>	<b>19.5</b>

\* Mainly VAT and collection expenses

\*\* Amounts reclassified for comparison with the year in progress

## Risk-weighted assets

(€ million)

	2003	2002
Locat Securitisation Vehicle Srl	1,506.5	1,262.0

In addition, at the end of the period, the following securities remained on the books:

(€ million)

ISIN Code	Bond Description	Type	Remaining on the books of	Portfolio	Face value	Book value	Ref. Classification	Tranche amount
IT0003188304	Locat	Senior	U.B.M.	Trading	2.8	2.8	(I) Performing	800 *
	Securitisation Vehicle 1-A1		UCI Ireland	Investment	5.0	5.0	(i) Performing	
IT0003188312	Locat							
	Securitisation Vehicle 1-A 2	Senior	UCI	Trading	6.5	6.5	(I) Performing	800.0
					<b>14.3</b>	<b>14.3</b>		

\* Repaid 12 March 2004.

## Third party securitisation transactions

### *“Colombo”, “Diocleziano” and “Augusto” transactions*

- **Stake held by UniCredito Italiano in each SPV: 5%**

- **Origin:**

Transactions performed in 2001 with loans resulting from the restructuring of Credito Fondiario e Industriale SpA – Fonspa, and related to the plan to dispose of the investment in that entity.

- **Principal features:**

#### *Colombo*

- used public works loans being part of the portfolio sold by Fonspa to the SPV before the split into UniCredito (the remaining loans sold by Fonspa were sold to the Diocleziano SPV – see below);
- securities issued in a total amount of €394.5 million, with maturity 28 August 2026, and entirely sold onto the market;
- to support any liquidity needs and expenses related to the transaction, UniCredit underwrote a subordinated loan, with limited recourse, of €7.3 million issued by the SPV;

#### *Diocleziano*

- used loans sold by Colombo (see above) and outstanding as at 30 November 2001 of €775.9 million, including industrial, mortgage and non-residential loans and a portion of residential loans (the remainder of the residential mortgage loans were sold to Augusto – see below);
- bonds issued totalled €732.7 million, with a maturity of 31 August 2037; €366.4 million were purchased privately by UniCredito and recorded in the investment securities portfolio. Of this amount, €21.9 million were class A1 (repaid at par in May 2002), and €344.5 million were class A2 (repaid at par in September 2003, for €122.0 million);

### Augusto

- used residential-type loans sold to it by Diocleziano (see above);
- bonds issued totalled €275.0 million, with a maturity of 31 August 2037; €137.5 million were purchased privately by UniCredito and recorded in the investment securities portfolio. Of this amount, €11.6 million were class A1 I (repaid at par in May 2002), €84.3 million were class A2 I (repaid at par in September 2003, for €24.9 million) and €41.6 class A1 II (repaid at par in September 2003 for €14.3 million).

### • Risk situation:

#### Colombo

There has been no increase in risk since the last period.

#### Diocleziano and Augusto

With regard to asset monitoring and risk containment, the loan positions of both companies carrying a higher degree of risk are now managed by UniCredito Gestione Crediti SpA – Banca per la gestione dei crediti (UGC Banca SpA), a special servicer that specialises in loan recovery.

In this connection it is pointed out that – on the basis of a more precise definition of the criteria for identifying the loan positions to be transferred to the special servicer – in 2003 another was placed under the management of UGC Banca consisting of a number of positions.

It is also pointed out that the writedowns made the securities purchased can be considered to be appropriate in relation to the “risk” of the underlying loan portfolio.

### Position of subordinated loans and securities held:

(€ million)

ISIN Code	Transaction	Bond Description	Type	Portfolio	Face value	Ref.	Writedowns/Writebacks		Book value
							In previous years	In 2003	
--	COLOMBO	Subordinated loan with limited recourse	Junior	Deposits	7.3	(m)	-1.7	-	5.6
IT0003224083	DIOCLEZIANO	Diocleziano A2 bonds	Senior	Investment Securities	222.5	(n)	-34.9	-	187.6
IT0003224232	AUGUSTO	Augusto 1 A2 bond - Issue I	Senior	Investment Securities	59.4	(n)	-0.8	-2.8	55.8
IT0003224273	AUGUSTO	Augusto 2 A1 bond - Issue II	Senior	Investment Securities	27.3	(n)	-2.6	-0.9	23.8
					316.5		-40.0	-3.7	272.8

## Other third party securitisation transactions

As at 31 December 2003 the Group had the following positions from third-party securitisation transactions:

### Investment securities

ISIN Code	Bond Description	Maturity	Type	Originator	Issuer	Rating Tranche (M / S&P / F)*	Tranche credit support
IT0003397467	Breakeven Class A - Asset Backed Notes	29-03-2004	SENIOR	Banca UCB SpA	Breakeven Srl	nr/nr/nr	nr
IT0003397475	Breakeven Class B - Asset Backed Notes	29-11-2017	JUNIOR	Banca UCB SpA	Breakeven Srl	nr/nr/nr	0.00%
XS0126522084	Harbourmaster CLO 1 - M2	30-04-2013	JUNIOR	Harbourmaster Loan Co.	Harbourmaster CLO 1	nr/nr/nr	0.00%
XS0126522023	Harbourmaster CLO 1 - A	30-04-2013	SENIOR	Harbourmaster Loan Co.	Harbourmaster CLO 1	nr/nr/AAA	9.79%
XS0159690675	Sunlight - A	11-06-2004	SENIOR	Safilo SpA	Sunlight Srl	nr/nr/AAA	nr
XS0122397853	Vintage Capital FRN - A	20-12-2010	SENIOR	Bank of America	Vintage Capital S.A.	nr/nr/AAA	nr

\* Rating agencies recognised and included in Bank of Italy Circular 155 dated 18 December 1991:

M = Moody's Investors Service, S&P = Standard & Poor's, F = Fitch-IBCA Investors Service, Nr = Not Rated

### • Total amount of securitised assets underlying junior bonds and classification categories:

(€ million)

ISIN Code	Bond Description	Remaining on the books of	Face Value Ref.	Writedowns/Write-backs		Book Value	Classification	Total amount of securitised assets	Tranche amount
				In previous years	In 2003				
IT0003397475	Breakeven Class B - Asset Backed Notes	UGC Banca	0.6 (o)	-	-	0.6	Non-performing	0.7	11.1
XS0126522084	Harbourmaster CLO 1-M2	UniCredito Italiano SpA London Branch	9.5 (p)	-1.4	-0.9	7.2	Performing	122.0	29.4
<b>Total</b>			<b>10.1</b>	<b>-1.4</b>	<b>-0.9</b>	<b>7.8</b>			

### • Breakdown of Senior and Mezzanine bonds by type and "classification":

(€ million)

ISIN Code	Bond Description	Remaining on the books of	Face Value Ref.	Writedowns/ Write-backs		Book Value	Classification	Tranche amount
				In previous years	In 2003			
IT0003397467	Breakeven Class A - Asset Backed Notes	UGC Banca	0.2 (q)	-	-	0.2	Non-performing	6.0
XS0126522023	Harbourmaster CLO 1 - A	UCI Ireland	20.0 (r)	-	-	20.0	Performing	429.0
XS0159690675	Sunlight - A	UCI Ireland	25.0 (r)	-	-	25.0	Performing	50.0
XS0122397853	Vintage Capital FRN - A	UCI Ireland	1.9 (r)	-	-	1.9	Performing	108.0
<b>Total Senior</b>			<b>47.1</b>	<b>-</b>	<b>-</b>	<b>47.1</b>		

## Trading securities

ISIN Code	Bond Description	Maturity	Type	Originator	Issuer	Rating Tranche (M / S&P / F)*	Tranche credit support
FR0000480030	AUTO ABS	25-10-2012	SENIOR	BANQUE DIN-PSA FRANCE	Auto ABS Compartment	Aaa/AAA/AAA	6.00%
ES0370139000	AYT GEN Cl. A	15-12-2034	SENIOR	BARCLAYS BANK	AYT Genova B. Hipotecario	Aaa/AAA/AAA	4.65%
XS0132407791	BPM SECURITISATION - Cl. A	15-01-2033	SENIOR	BANCA POPOLARE DI MILANO	Banca Pop. di Milan Securitisation	Aaa/AAA/AAA	7.38%
XS0156266586	CARS ALLIANCE FUND.Cl. A1	25-10-2017	SENIOR	RCI BANQUE	Cars Alliance Funding	Aaa/AAA/AAA	8.40%
XS0177601142	CARS ALLIANCE FUND.Cl. A1	8-01-2021	SENIOR	RCI BANQUE	Cars Alliance Funding	Aaa/AAA/AAA	6.00%
IT0003396493	CFFIN 1A	31-12-2012	SENIOR	CREDIFARMA	Credifarma Finance Srl	Aaa/AAA/AAA	10.50%
IT0003396501	CFFIN 1B	31-10-2012	SENIOR	CREDIFARMA	Credifarma Finance Srl	Aaa/AAA/AAA	4.80%
ES0338300009	CONSUMO SANTANDER Cl. A	15-11-2012	SENIOR	SANTANDER	Consumo Santander Central Hispano Issuance Ltd	Aaa/AAA/AAA	4.50%
IT0003469019	CPG SERIE A2	28-04-2022	SENIOR	ACEA	ACEA Loan Back Notes	nr/nr/nr	(\$)
IT0003270573	GIOTTO FIN Cl. A	20-04-2020	SENIOR	BANCA ANTONIANA POPOLARE VENETA	Giotto Finance	Aaa/AAA/AAA	7.30%
XS0126520203	HARBOURMASTER CLO 1-A	30-04-2013	SENIOR	Harbourmaster Loan Corp.	Harbourmaster CLO 1 Ltd	nr/nr/AAA	9.79%
XS0126521276	HARBOURMASTER CLO 1-C	30-04-2013	MEZZANINE	Harbourmaster Loan Corp.	Harbourmaster CLO 1 Ltd	nr/nr/BBB	7.40%
XS0138865125	HARBOURMASTER CLO 2-B1	15-12-2013	MEZZANINE	Harbourmaster Loan Corp.	Harbourmaster CLO 2 Ltd	nr/nr/A	10.70%
XS0138876320	HARBOURMASTER CLO 2-M1	15-12-2013	JUNIOR	Harbourmaster Loan Corp.	Harbourmaster CLO 2 Ltd	nr/nr/nr	0.00%
DE0002455359	HYP ESSEN	11-02-2004	SENIOR	HYPOTHEKENBANK ESSEN	Hypothesenbank Essen	Aaa/AAA/AAA	0.00%
ES0309363002	SANTANDER	23-12-2012	SENIOR	SANTANDER	Santander Central Hispano Issuance Ltd	Aaa/AAA/AAA	6.00%
IT0003386270	SIENA MORTGAGE Cl. A2	15-11-2037	SENIOR	MONTE DEI PASCHI SIENA	Siena Mortgages SpA	Aaa/AAA/AAA	8.08%
IT0003124390	SCCI SERIE 4	31-01-2008	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA	96.00%
IT0003505408	SCCI SERIE 4 Cl. A	31-01-2008	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA	96.00%
IT0003341762	SCCI SERIE 5	31-07-2005	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA	96.00%
IT0003341770	SCCI SERIE 6	31-07-2007	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA	96.00%
IT0003505440	SCCI SERIE 7	31-07-2015	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA	96.00%
IT0003202790	SCCPP A3	6-12-2004	SENIOR	AMM. AUTONOMA MONOPOLI DI STATO	Società Cart. Crediti e Proventi Pubblici	Aaa/AAA/AAA	7.00%
IT0003566640	SCIC 1 Cl. A1	21-12-2006	SENIOR	INPDAP	Società Cart. Italiana Crediti	Aaa/AAA/AAA	7.00%
IT0003566665	SCIC 1 Cl. A2	21-12-2008	SENIOR	INPDAP	Società Cart. Italiana Crediti	Aaa/AAA/AAA	7.00%

Trading securities (continued)

ISIN Code	Bond Description	Maturity	Type	Originator	Issuer	Rating Tranche (M / S&P / F)*	Tranche credit support
IT0003566681	SCIC 1 Cl. A3	21-12-2010	SENIOR	INPDAP	Società Cart. Italiana Crediti	Aaa/AAA/AAA	7.00%
IT0003566699	SCIC 1 Cl. A4	21-12-2015	SENIOR	INPDAP	Società Cart. Italiana Crediti	Aaa/AAA/AAA	7.00%
IT0003402895	SCIP 2 Cl. A1	26-04-2006	SENIOR	VARIOUS PENSION AGENCIES	Società Cart.Immobili Pubblici	Aaa/AAA/AAA	4.50%
IT0003402911	SCIP 2 Cl. A2	26-04-2007	SENIOR	VARIOUS PENSION AGENCIES	Società Cart.Immobili Pubblici	Aaa/AAA/AAA	4.50%
IT0003402929	SCIP 2 Cl. A3	26-10-2008	SENIOR	VARIOUS PENSION AGENCIES	Società Cart.Immobili Pubblici	Aaa/AAA/AAA	4.50%
ES0338448006	TDA CAM - Cl. A	17-06-2032	SENIOR	CAJA DE AHORROS DEL MEDITERRANEO	Titulacion de Activos CAM	Aaa/AAA/AAA	4.05%
IT0003389027	VELA LEASE Cl. A1	16-12-2015	SENIOR	BNL	Vela Lease	Aaa/AAA/AAA	8.03%
IT0003473748	VELA HOME Cl. A1	24-10-2027	SENIOR	BNL	Vela Home	Aaa/AAA/AAA	6.40%

Rating agencies recognised and included in Bank of Italy Circular 155 dated 18 December 1991:

**M** = Moody's Investors Service, **S&P** = Standard & Poor's, **F** = Fitch-IBCA Investors Service, **Nr** = Not Rated

§ With guarantee on first demand from UniCredit Banca d'Impresa and Banca IMI

Total amount of securitised assets underlying junior bonds and classification categories:

(€ million)

ISIN Code	Bond Description	Remaining on the books of	Face Value	Writebacks/Write-backs		Book Value	Ref. Classification	Total amount of securitised assets	Tranche amount
				In previous years	In 2003				
XS0138876320	Harbourmaster CLO 2-M1	UBM	19.0	-3.8	-3.0	12.2	(s) Performing	190.9	44.8



• **Breakdown of Senior and Mezzanine bonds by type and “classification”:**

(€ million)

ISIN Code	Bond Description	Remaining on the books of	Face Value	Book Value	Classification	Tranche amount
XS0126521276	HABOURMASTER CLO 1-C	UBM	2.0	1.9	PERFORMING	13.0
XS0138865125	HABOURMASTER CLO 2-B1	UBM	4.0	3.9	PERFORMING	39.0
Total Mezzanine			6.0	5.8	Ref. (t)	
IT0003124390	SCCI SERIE 4	UBM	13.9	13.9	NON- PERFORMING	1,710.0
IT0003505408	SCCI SERIE 4 Cl. A	UCI	75.0	75.0	NON- PERFORMING	1,500.0
		UBM	9.9	9.9		
IT0003341762	SCCI SERIE 5	UCI	93.0	93.1	NON- PERFORMING	1,500.0
		UBM	8.8	8.8		
IT0003341770	SCCI SERIE 6	UCI	89.0	89.4	NON- PERFORMING	1,500.0
		UBM	1.8	1.8		
IT0003505440	SCCI SERIE 7	UCI	89.5	89.5	NON- PERFORMING	1,500.0
		UBM	0.2	0.2		
Sub-total Senior (non-performing)			381.1	381.6	Ref. (u)	
FR0000480030	AUTO ABS	UCI	66.5	66.5	PERFORMING	1,440.0
ES0370139000	AYT GEN Cl. A	UCI	9.8	9.7	PERFORMING	10.0
XS0132407791	BPM SECURITISATION - Cl. A	UCI	19.0	13.8	PERFORMING	1,262.6
XS0156266586	CARS ALLIANCE FUND.Cl. A1 2017	UCI	10.0	10.0	PERFORMING	1,055.0
XS0177601142	CARS ALLIANCE FUND.Cl. A1 2021	UCI	30.0	30.0	PERFORMING	1,323.0
IT0003396493	CFFIN 1A	UBM	3.4	3.4	PERFORMING	536.2
IT0003396501	CFFIN 1B	UBM	5.5	5.5	PERFORMING	536.2
ES0338300009	CONSUMO SANTANDER Cl. A	UCI	60.0	60.0	PERFORMING	972.0
IT0003469019	CPG SERIE A2	UBM	241.4	241.4	PERFORMING	482.8
IT0003270573	GIOTTO FIN Cl. A	UCI	20.9	20.9	PERFORMING	982.0
XS0126520203	HABOURMASTER CLO 1-A	UBM	0.2	0.2	PERFORMING	429.0
DE0002455359	HYP ESSEN	UCI	228.0	227.9	PERFORMING	800.0
ES0309363002	SANTANDER	UCI	24.4	24.4	PERFORMING	824.5
IT0003386270	SIENA MORTGAGE Cl. A2	UCI	38.6	38.6	PERFORMING	1,195.9
IT0003202790	SCCPP A3	UCI	40.0	40.1	PERFORMING	1,000.0
		UBM	1.1	1.1		
IT0003566640	SCIC 1 Cl. A1	UCI	28.4	28.4	PERFORMING	1,170.0
		UBM	27.0	27.0		
IT0003566665	SCIC 1 Cl. A2	UCI	29.5	29.5	PERFORMING	1,500.0
		UBM	14.8	14.8		
IT0003566681	SCIC 1 Cl. A3	UCI	33.8	33.9	PERFORMING	860.0
		UBM	15.1	15.1		
IT0003566699	SCIC 1 Cl. A4	UBM	22.4	22.4	PERFORMING	700.0
IT0003402895	SCIP 2 A1	UBM	35.6	35.6	PERFORMING	1,500.0
IT0003402911	SCIP 2 Cl. A2	UCI	100.0	100.2	PERFORMING	2,000.0
		UBM	2.3	2.3		
IT0003402929	SCIP 2 Cl. A3	UCI	30.0	30.1	PERFORMING	1,743.0
		UBM	1.4	1.4		
ES0338448006	TDA CAM - Cl. A	UCI	46.0	46.0	PERFORMING	973.5
IT0003389027	VELA LEASE Cl. A1	UCI	40.0	40.0	PERFORMING	537.0
IT0003473748	VELA HOME Cl. A1	UCI	54.7	54.7	PERFORMING	1,841.0
Sub-total Senior (Performing)			1,279.8	1,274.9	Ref. (v)	
Total Senior			1,660.9	1,656.6		
Grand Total			1,666.9	1,662.4		

As noted, UBM acts as arranger concentrating mainly on securitisation transactions in which it acts as bookrunner since information on these transactions is more complete and accessible.

Risk monitoring and the optimisation of operating results from securitisation transactions are achieved:

1. By analysing the monthly or quarterly investor reports produced by the Trustee, with a particular emphasis on changes in collateral performance;
2. By monitoring collateral performance and any issuance of comparable bonds for similar transactions;
3. By following the market fundamentals of the underlying loan (consumer credit for car loans, the performance of senior secured leveraged loans in the case of Harbourmaster, etc.);
4. By maintaining constant contact with investors, and if there is managed collateral, with the Collateral Manager's analysts and managers.

In addition, each bond is assigned a VaR (Value at Risk) limit by the risk management unit, which is then monitored for the entire portfolio, partly to take any correlations into account. UBM has spread curves by credit rating that are used to determine risk in a manner which is largely the same as for the other instruments in the portfolio. In keeping with other sources of market risk, the method is based on historical simulation, and makes it possible to project potential diversification effects and combine VaR with other parts of the trading portfolio.

## ● Section 12 ASSET MANAGEMENT AND TRADING ON BEHALF OF THIRD PARTIES

### 12.1 Securities dealing

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) purchases</b>			
1. Settled	115,099,190	170,042,079	170,042,079
2. Unsettled	393,739	1,058,462	1,058,462
	<b>115,492,929</b>	<b>171,100,541</b>	<b>171,100,541</b>
<b>b) sales</b>			
1. Settled	112,769,536	172,935,100	172,935,100
2. Unsettled	382,780	825,698	825,698
	<b>113,152,316</b>	<b>173,760,798</b>	<b>173,760,798</b>

### 12.2 Asset management accounts

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Securities managed on behalf of customers (at market values)	43,889,491	40,997,781	40,887,889

## 12.3 Custody and administration of securities

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) Third party securities on deposit (excluding segregated accounts)</b>			
1) Security	60,762	67,495	67,495
2) Collateral	23,311,937	26,676,141	26,676,141
3) Custody	176,384,349	205,042,033	204,712,998
	<b>199,757,048</b>	<b>231,785,669</b>	<b>231,456,634</b>
<b>b) Third party securities deposited with third parties</b>	<b>176,913,007</b>	<b>196,230,738</b>	<b>195,360,181</b>
<b>c) Investment and trading securities deposited with third parties</b>	<b>29,591,897</b>	<b>23,348,769</b>	<b>22,870,399</b>

## 12.4 Loan collection on behalf of third parties: debit and credit adjustments

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
<b>a) Debit adjustments</b>			
1. Current accounts	152,654	125,613	125,613
2. Central portfolio	21,203,161	22,881,954	22,881,954
3. Cash	229,155	240,616	240,616
4. Other accounts	3,175,615	488,267	488,267
	<b>24,760,585</b>	<b>23,736,450</b>	<b>23,736,450</b>
<b>b) Credit adjustments</b>			
1. Current accounts	95,899	35,384	35,384
2. Transferors' bills and documents	25,409,112	24,281,450	24,281,450
3. Other accounts	198,458	130,842	130,842
	<b>25,703,469</b>	<b>24,447,676</b>	<b>24,447,676</b>
<b>Difference (a - b)</b>	<b>-942,884</b>	<b>-711,226</b>	<b>-711,226</b>

## 12.5 Other transactions

€ '000

	AMOUNTS AS AT		
	31.12.2003	31.12.2002 RESTATED	31.12.2002 HISTORICAL
Other third party securities on deposit	16,018,136	3,637,901	3,636,683
Other third party securities deposited with third parties	9,490,238	1,059,664	1,055,907
Other investment and trading securities deposited with third parties	540,545	166,795	166,764

## 12.6 Securities transactions

### *Quercia Funding securitisation*

During 2001, the special purpose vehicle Quercia Funding S.r.L., which was established pursuant to Law 130/99 and is a member of the UniCredito Italiano Banking Group, concluded a securitisation transaction for loans sold by Cariverona (now UniCredit Banca SpA, as the transferee of the business unit from UniCredito Italiano SpA, into which Cariverona was merged) and Mediovenezie (which changed its name to UniCredito Gestione Crediti SpA in 2002), as described in section 11.8.

Below is a table summarising qualitative information on these transactions:

### *Summary table of assets securitised and securities issued*

€ '000

	31.12.2003	31.12.2002
<b>A. Securitised assets</b>	<b>99,695</b>	<b>133,973</b>
A1) Loans	99,695	133,973
<b>B. Use of liquid assets resulting from loan management</b>	<b>27,133</b>	<b>104,505</b>
B3) Other	27,133	104,505
Bank current accounts	1,103	1,577
Other uses	26,030	102,928
<b>C. Securities issued</b>	<b>105,652</b>	<b>217,352</b>
C1) Class A securities	-	111,700
C2) Class B securities	39,500	39,500
C3) Class C securities	26,000	26,000
C4) Class D securities	19,400	19,400
C5) Class E securities	20,752	20,752
<b>D. Financing received</b>	<b>-</b>	<b>-</b>
<b>E. Other liabilities</b>	<b>7,603</b>	<b>18,581</b>
<b>F. Interest expenses on securities issued</b>	<b>6,585</b>	<b>9,621</b>
Interest on Class A, B, C and D securities	6,585	9,621
<b>G. Transaction-related commissions and fees</b>	<b>12,547</b>	<b>14,526</b>
G1) For servicing	12,460	14,623
G2) For other services	87	97
<b>H. Other costs</b>	<b>20,585</b>	<b>25,985</b>
<b>I. Interest generated from securitised assets</b>	<b>37,667</b>	<b>41,906</b>
<b>L. Other revenues</b>	<b>2,050</b>	<b>8,323</b>

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## **B - Qualitative information**

### **1) Description of transaction and its performance**

From its inception date until 31 December 2003, Quercia Funding Srl has carried out a single securitisation transaction pursuant to Law 130/99. The key features of this transaction are as follows:

- On 28 May 2001, Quercia Funding S.r.l., with headquarters at Via G. Garibaldi, 2 – 37121 VERONA, purchased non-performing loans with a nominal value of €253.3 million (figure taken from executed contracts) at a total price of €211.4 million. Of the sale price, €117.5 million was for the portfolio of loans sold without recourse by UGC Banca SpA, and €93.9 million was for the portfolio of loans sold without recourse by UniCredit Banca SpA. The sale price was determined by discounting the book value as at 30 April 2001 based on the average expected recovery time, which was estimated at 3.8 years on the basis of the historical analysis of the positions retired and the corresponding market rate. The net loan amount thus obtained was sold at a price of 83.472% for loans sold by UniCredit Banca SpA, and at a price of 83.457% for loans sold by UGC Banca SpA.

The total gross repayments received since operations began are €195 million, significantly higher than the breakeven projected in the business plan, which was €113 million.

### **2) List of entities involved**

The key entities involved in the securitisation transaction are as follows:

Type of appointment	Entity involved
Arrangers	Euro Capital Structure Ltd Dublin, Lehman Brothers International (Europe)
Joint Lead Managers	Lehman Brothers International (Europe), UniCredit Banca Mobiliare, MPS Finance Banca Mobiliare SpA
Servicer	UGC Banca SpA (formerly Mediobanca Banca SpA)
Liquidity Provider	CDC IXIC Capital Markets
Note Trustee	Bank of New York
Security Trustee	Bank of New York
Cash Manager	UniCredit Banca d'Impresa SpA (formerly Cariverona Banca SpA)
Sellers	UGC Banca SpA (formerly Mediobanca Banca SpA), UniCredit Banca SpA (formerly Cariverona Banca SpA)
English operating agent bank	Bank of New York
Securities depository	Bank of New York
Italian operating agent bank	UniCredit Banca d'Impresa SpA (formerly Cariverona Banca SpA)
Cap contract counterparty	UniCredit Banca Mobiliare SpA
External Auditors	Deloitte & Touche Italia SpA (formerly Arthur Andersen SpA)

The main existing relationships and obligations between the Sellers, UniCredit Banca SpA and UGC Banca SpA, and the Purchaser, Quercia Funding Srl and the other entities involved in the securitisation transaction (which are governed by appropriate contracts), are as follows:

- Under the umbrella agreement for the sale of loans, the two Sellers agreed to make a sale without recourse to the Purchaser of loans that meet the eligibility requirements set forth in the two sales contracts.
- Under the servicing contract, Quercia Funding Srl awarded an appointment to UGC Banca SpA (also in the interest of the Trustee and Cash Manager, pursuant to and in accordance with Article 1411 of the Civil Code) to carry out the collection of the loans sold and manage recovery procedures.
- UniCredit Banca SpA agreed to sell to the Purchaser three loans described in paragraph B4) below, now owned by UniCredit Banca d'Impresa SpA.

UBM SpA acquired, following the sale effective 28 June 2002, ownership of the Interest Rate Cap contract that Cariverona Banca SpA had previously entered into with Quercia Funding Srl to hedge the interest rate risk resulting from the payment of bond interest for Classes A, B, C and D; the contractual strike rate was set at 5%.

- Cariverona Ireland Plc purchased the following subordinated bonds, maturing in 2015:
  - Class B, with a nominal value of €39.5 million;
  - Class C, with a nominal value of €26.0 million;
  - Class D, with a nominal value of €19.4 million;
  - These bonds were transferred to UCI-Ireland in 2003
- UniCredit Banca d'Impresa, by virtue of the merger by absorption described above, acquired the so-called Class E subordinated bonds, with a nominal value of €20.8 million, maturing 2015.
- Under the Security and Intercreditor Agreement, the Seller agreed to the prioritisation of payments made by the Purchaser. Among other things, this prioritisation calls for the payment of compensation for servicing after compensation is paid to the Trustee, banks and other service providers, but before the payment of interest and repayment of principal to bond purchasers.

### 3) Issue features

In order to finance the purchase of the loan portfolio, Quercia Funding Srl issued bonds denominated in euros on 14 December 2001, with the following features:

Class	Type	Face value €	Rating "Fitch" and "S&P's" ****	Interest
A	Asset Backed Floating Rate Notes * ** ***	111,700,000	AAA	Semi-annual Euribor 6/m+0.52% p.a.
B	Asset Backed Floating Rate Notes *	39,500,000	A	Semi-annual Euribor 6/m+1.10% p.a.
C	Asset Backed Floating Rate Notes *	26,000,000	BBB	Semi-annual Euribor 6/m+2.25% p.a.
D	Asset Backed Floating Rate Notes *	19,400,000	BB	Semi-annual Euribor 6/m+6.00% p.a.
E	Asset Backed Variable Redemption Yield Notes*	20,752,372	-- --	--

\* Issued at par, with contractual maturity in 2015

\*\* Listed on the Luxembourg stock exchange

\*\*\* Repaid in August 2003

\*\*\*\* Subject to continual monitoring by the companies mentioned

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These bonds were issued pursuant to an agreement governed by English law, under which the Trustee will act as the bondholders' representative.

With regard to the priority for the redemption of bonds issued, the payment of Class E, D, C and B bonds is subject to the fulfilment of the obligations with respect to Class A. In addition, the Offering Circular and Security Intercréditor Agreement set forth in detail further payment priorities.

As tranche "A" was redeemed early (in August 2003), the class "C", "D" and "E" bonds were subordinated to the redemption of tranche "B".

It should be noted also, that class "E" bonds will not accrue interest but may possibly result in a right to payment of a premium from the funds that may be available once all the bonds have been redeemed and the costs paid.

#### *4) Ancillary financial transactions*

- On 13 December 2001 Quercia Funding Srl entered into an interest rate cap contract with Cariverona Banca SpA to hedge rate risk, which as at 28 June 2002 was sold to UniCredit Banca Mobiliare SpA (UBM). This transaction was completed in order to limit interest rate exposure resulting from the payment of bond coupons at the variable rates of the bonds issued.
- UniCredit Banca SpA provided three lines of credit to Quercia Funding Srl with the following characteristics:
  - Financing for the payment of expenses, in the initial amount of €0.1 million, to be used in the event of insufficient liquidity to pay miscellaneous expenses;
  - Financing for the payment of Class A interest, in the initial amount of €10.0 million, to be used in the event of insufficient liquidity to pay accrued interest on Class A notes;
  - Financing for the payment of interest on the remaining note classes, in the initial amount of €4.0 million, to be used in the event of insufficient liquidity to pay accrued interest on the above classes.

These lines are now under the control of UniCredit Banca d'Impresa following said merger transactions, with the exception of that for €10.0 million which has been discharged following the early redemption of the "class A" bonds.

#### *5) Purchaser's operating options*

- Quercia Funding Srl appointed the Cash Manager to reinvest on its behalf any liquidity resulting from payments made by borrowers whose loans were sold and not immediately used, and from other miscellaneous amounts collected (interest accrued on current accounts, positive differentials resulting from the Interest Rate Cap, etc.).

## Locat securitisation

Information is provided below on:

- the operating performance of the two special purpose vehicles, Absolute Funding Srl and Locat Securitisation Vehicle S.r.L., which during 2001 securitised the two sales of loans resulting from Locat SpA leases;
- the table summarising the accounts of Locat SpA in its capacity as servicer for the transaction.

### Operating performance of securitisation transactions reported in 2003

€ '000

Description	Absolute Funding Srl	Locat Securitisation Vehicle Srl	Total 2003	Total 2002 *
Interest income from leasing payment	28,093	98,783	126,876	149,770
Gain/loss on early repayment	-470	4,910	4,440	1,853
Compensatory penalties	382	-2,049	-1,667	256
<b>Total interest income</b>	<b>28,005</b>	<b>101,644</b>	<b>129,649</b>	<b>151,879</b>
Loan losses	-120	-191	-311	-127
Writedowns of loans	-5,930	-10,091	-16,021	-12,721
Writebacks and use of loan loss reserve	1,653	453	2,106	359
<b>Total writedowns and writebacks</b>	<b>-4,397</b>	<b>-9,829</b>	<b>-14,226</b>	<b>-12,489</b>
Overdue interest collected	327	929	1,256	645
<b>Return on securitised assets (a)</b>	<b>23,935</b>	<b>92,744</b>	<b>116,679</b>	<b>140,035</b>
<b>Negative balances of hedging transaction differentials (b)</b>	<b>-</b>	<b>-6,454</b>	<b>-6,454</b>	<b>-3,848</b>
Net interest accrued on accounts for the transaction	17	94	111	144
Interest earned from investing liquidity	426	757	1,183	1,707
Interest collected by servicer	-	1,096	1,096	679
<b>Net interest accrued on accounts for the transaction and from investing liquidity (c)</b>	<b>443</b>	<b>1,947</b>	<b>2,390</b>	<b>2,530</b>
Servicing fees	219	418	637	653
Remuneration paid for other services	74	138	212	223
Interest on senior and mezzanine bonds	9,721	46,758	56,479	76,981
Interest on junior bonds	-	151	151	185
Remuneration of deferred prices	2,640	403	3,043	4,177
<b>Interest paid and expense (d)</b>	<b>12,654</b>	<b>47,868</b>	<b>60,522</b>	<b>82,219</b>
<b>REMAINING ORIGINATOR SHARE OF INCOME</b>	<b>11,724</b>	<b>40,369</b>	<b>52,093</b>	<b>56,498</b>
<i>of which: - further compensation</i>	11,724	-	11,724	13,445
<i>- additional remuneration for deferred payment</i>	-	40,369	40,369	43,053

\* Amounts reclassified for comparison with 2003 from the "Interest accrued on current accounts" item (€847,000) to the item "Interest earned from investing liquidity".



€ '000

	Absolute Funding Srl	Locat Securitisation Vehicle Srl	Total 2003	Total 2002
<b>ASSETS</b>				
<b>30. Loans to financial institutions</b>	<b>145,349</b>	<b>33,296</b>	<b>178,645</b>	<b>186,983</b>
<i>made up as follows:</i>				
<i>deferred purchase price (DPP)</i>	96,700	14,572	111,272	111,645
<i>additional accrued compensation</i>	48,649	874	49,523	55,782
<i>VAT and expenses</i>	-	17,822	17,822	19,496
<i>advance payments made</i>	-	28	28	60
<b>50. Bonds and other fixed-income securities</b>	<b>-</b>	<b>3,400</b>	<b>3,400</b>	<b>3,400</b>
<i>made up as follows:</i>				
<i>junior bonds</i>	-	3,400	3,400	3,400
<b>140. Accrued income and pre-paid expenses</b>	<b>1,385</b>	<b>6,294</b>	<b>7,679</b>	<b>6,519</b>
a) accrued income	758	2,280	3,038	1,795
<i>made up as follows:</i>				
<i>interest income on deferred payment price</i>	112	19	131	190
<i>servicing fee</i>	18	14	32	34
<i>interest on junior bonds</i>	-	8	8	10
<i>interest income</i>	628	2,239	2,867	1,561
b) pre-paid expenses	627	4,014	4,641	4,724
<i>made up as follows:</i>				
<i>interest expense</i>	627	4,014	4,641	4,724
<b>TOTAL</b>	<b>146,734</b>	<b>42,990</b>	<b>189,724</b>	<b>196,902</b>
<b>LIABILITIES</b>				
<b>20. Due to financial institutions</b>	<b>517,227</b>	<b>1,647,525</b>	<b>2,164,752</b>	<b>2,164,324</b>
<i>made up as follows:</i>				
<i>fees on loans not yet due</i>	514,330	1,616,164	2,130,494	2,125,133
<i>collections from customers to be returned (servicing)</i>	2,897	31,361	34,258	39,191
<b>60. Accrued liabilities and deferred income</b>	<b>52</b>	<b>670</b>	<b>722</b>	<b>730</b>
<i>made up as follows:</i>				
<i>accrued interest from deferred return of amounts collected</i>	-	84	84	52
<i>interest expense</i>	52	586	638	678
<b>TOTAL</b>	<b>517,279</b>	<b>1,648,195</b>	<b>2,165,474</b>	<b>2,165,054</b>
<b>MEMORANDUM ACCOUNTS</b>				
Loans under administration for collection	32,246	75,131	107,377	111,005
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>32,246</b>	<b>75,131</b>	<b>107,377</b>	<b>111,005</b>

€ '000

	Absolute Funding Srl	Locat Securitisation Vehicle Srl	Total 2003	Total 2002
<b>COSTS</b>				
<b>10. Interest expense and similar charges</b>	<b>28,005</b>	<b>96,286</b>	<b>124,291</b>	<b>148,710</b>
<i>made up as follows:</i>				
<i>interest expense</i>	28,005	101,644	129,649	151,879
<i>positive balances on hedging transaction differentials</i>	-	-6,454	-6,454	-3,848
<i>interest from deferred return of amounts collected</i>	-	1,096	1,096	679
<b>TOTAL</b>	<b>28,005</b>	<b>96,286</b>	<b>124,291</b>	<b>148,710</b>
<b>REVENUES</b>				
<b>10. Interest income and similar revenues</b>	<b>14,364</b>	<b>40,923</b>	<b>55,287</b>	<b>60,860</b>
<i>made up as follows:</i>				
<i>interest income on deferred purchase price</i>	2,640	403	3,043	4,177
<i>further compensation</i>	11,724	-	11,724	13,445
<i>additional remuneration of deferred commission</i>	-	40,369	40,369	43,053
<i>interest income on junior bonds</i>	-	151	151	185
<b>30. Commission income</b>	<b>219</b>	<b>418</b>	<b>637</b>	<b>653</b>
<i>made up as follows:</i>				
<i>servicing fees</i>	219	418	637	653
<b>TOTAL</b>	<b>14,583</b>	<b>41,341</b>	<b>55,924</b>	<b>61,513</b>

# Part C - Notes to the Profit and Loss Account

## ● Section 1 INTEREST

Interest, and similar income and charges are detailed as follows:

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
10. Interest income and similar revenues	9,541,310	10,336,044	9,926,722
20. Interest expense and similar charges	4,746,808	5,262,118	5,015,538

### 1.1 Item 10 “Interest income and similar revenues”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
a) on loans to banks	741,154	929,171	840,283
<i>of which: on loans to central banks</i>	77,421	88,799	72,136
b) on loans to customers	6,703,622	7,486,136	7,293,915
c) on debt securities	1,999,663	1,787,077	1,660,660
d) other interest income	96,871	133,660	131,864
e) positive balances of hedging transaction differentials	-	-	-
<b>Total</b>	<b>9,541,310</b>	<b>10,336,044</b>	<b>9,926,722</b>

### 1.2 Item 20 “Interest expense and similar charges”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
a) on amounts due to banks	1,060,357	1,319,036	1,283,126
b) on amounts due to customers	1,427,753	2,162,961	1,955,261
c) on securities in issue	827,537	1,011,172	1,011,085
<i>of which: certificates of deposit</i>	260,503	364,000	364,000
d) on deposits received in administration	681	373	373
e) on subordinated debt	331,846	395,078	393,647
f) negative balances of hedging transaction differentials	1,098,634	373,498	372,046
<b>Total</b>	<b>4,746,808</b>	<b>5,262,118</b>	<b>5,015,538</b>

### 1.3 Details of Item 10 “Interest income and similar revenues”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
a) on assets denominated in foreign currencies	1,752,942	2,989,806	2,602,621
b) on assets denominated in euros	7,788,368	7,346,238	7,324,101
<b>Total</b>	<b>9,541,310</b>	<b>10,336,044</b>	<b>9,926,722</b>

### 1.4 Details of Item 20 “Interest expense and similar charges”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
a) on liabilities denominated in foreign currencies	1,074,118	1,683,301	1,448,449
b) on liabilities denominated in euros	2,574,056	3,205,319	3,195,043
	<b>3,648,174</b>	<b>4,888,620</b>	<b>4,643,492</b>
c) negative balances of hedging transaction differentials	1,098,634	373,498	372,046
<b>Total</b>	<b>4,746,808</b>	<b>5,262,118</b>	<b>5,015,538</b>

## ● Section 2 COMMISSIONS

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
40. Commission income	3,877,743	3,780,496	3,719,968
50. Commission expense	561,586	556,180	530,340

### 2.1 Item 40 “Commission income”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
a) Guarantees given	111,788	123,325	111,975
b) Credit derivatives	1,965	989	989
c) Administration, brokerage and consultancy services:	2,312,117	2,275,576	2,255,508
1. Security dealing	43,684	63,014	59,301
2. Currency dealing	73,786	84,882	84,772
3. Asset management accounts:	1,133,445	1,260,320	1,245,357
3.1. Individual	133,847	186,045	181,994
3.2. Collective	999,598	1,074,275	1,063,363
4. Custody and administration of securities	61,710	59,861	59,328
5. Depository bank	23,518	29,777	29,777
6. Placement of securities	434,326	323,140	323,140
of which: Mutual funds	135,707	102,325	96,926
7. Acceptance of trading instructions	108,524	93,703	93,703
8. Consultancy activities	2,014	2,505	2,452
9. Distribution of third party services:	431,110	358,374	357,678
9.1. Asset management accounts:	11,870	43,031	43,031
a) Individual	2,551	36,490	36,490
b) Collective	9,319	6,541	6,541
9.2. Insurance products	403,143	307,774	307,167
9.3. Other products	16,097	7,569	7,480
d) Collection and payment services	577,014	614,305	592,917
e) Servicing for securitisation transactions	18,199	15,208	15,208
f) Tax collection services	133,268	117,273	117,273
g) Other services	723,392	633,820	626,098
of which: - Loans made	508,129	438,673	382,158
- Securities services	8,654	10,165	10,002
- Rental of safe deposit boxes	8,178	7,612	7,612
- Refunds and sundry recoveries	14,357	12,968	12,219
- Foreign transactions and services	17,686	23,862	23,487
- Other	166,388	140,540	190,620
Total	3,877,743	3,780,496	3,719,968

## 2.2 Details of Item 40 “Commission income”: “Distribution channels for products and services”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>a) At the Group's branches:</b>	<b>1,136,563</b>	<b>1,242,812</b>	<b>1,227,153</b>
1. Segregated accounts	442,375	631,431	616,468
2. Placement of securities	305,289	269,837	269,837
3. Third party services and products	388,899	341,544	340,848
<b>b) Off-site distribution:</b>	<b>862,318</b>	<b>699,022</b>	<b>699,022</b>
1. Segregated accounts	691,070	628,889	628,889
2. Placement of securities	129,037	53,303	53,303
3. Third party services and products	42,211	16,830	16,830
<b>Total</b>	<b>1,998,881</b>	<b>1,941,834</b>	<b>1,926,175</b>

## 2.3 Item 50 “Commission expense”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>a) Guarantees received</b>	<b>6,787</b>	<b>10,120</b>	<b>10,063</b>
<b>b) Loan-related derivatives</b>	<b>5,639</b>	<b>4,838</b>	<b>4,838</b>
<b>c) Administration and brokerage services:</b>	<b>200,671</b>	<b>221,369</b>	<b>219,779</b>
1. Security dealing	11,816	13,847	12,566
2. Currency dealing	1,973	3,200	3,157
3. Segregated accounts:	13,750	15,185	15,031
3.1. Group portfolio	304	1,650	1,650
3.2. Third party portfolio	13,446	13,535	13,381
4. Custody and administration of securities	6,498	13,379	13,317
5. Placement of securities	110,506	72,336	72,336
6. Off-site distribution of securities, products and services	56,128	103,422	103,372
<b>d) Collection and payment services</b>	<b>144,774</b>	<b>154,968</b>	<b>136,264</b>
<b>e) Other services</b>	<b>203,715</b>	<b>164,885</b>	<b>159,396</b>
<i>of which: - Loans received</i>	39,879	26,825	4,464
- Securities services	8,232	5,273	5,273
- Rental of safe deposit boxes	8	7	7
- Foreign transactions and services	4,217	4,687	4,512
- Insurance products	12	-	-
- Other	151,367	128,093	145,140
<b>Total</b>	<b>561,586</b>	<b>556,180</b>	<b>530,340</b>

€ '000

NET COMMISSION	2003	2002 RESTATED	2002 HISTORICAL
<b>Asset management and administration services</b>	<b>2,040,043</b>	<b>1,977,417</b>	<b>1,958,843</b>
- Trading and placement of securities	300,305	211,045	214,012
- Segregated accounts	122,648	207,350	203,453
- Management of collective investment funds	1,064,300	1,169,742	1,153,431
- Placement of insurance products	403,131	307,774	307,167
- Other securities activities	149,659	81,506	80,780
<b>Credit commitments and loans</b>	<b>569,577</b>	<b>521,204</b>	<b>475,757</b>
<b>Collection and payment services</b>	<b>450,439</b>	<b>474,545</b>	<b>471,861</b>
<b>Currency dealing</b>	<b>85,282</b>	<b>100,857</b>	<b>100,590</b>
<b>Tax collection services</b>	<b>133,268</b>	<b>117,273</b>	<b>117,273</b>
<b>Other services</b>	<b>37,548</b>	<b>33,020</b>	<b>65,304</b>
<b>Net commission</b>	<b>3,316,157</b>	<b>3,224,316</b>	<b>3,189,628</b>

## ● Section 3 TRADING PROFITS

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>60. Trading profits</b>	<b>1,287,537</b>	<b>1,057,264</b>	<b>1,049,345</b>

### 3.1 Item 60 "Trading profits"

€ '000

	SECURITIES TRANSACTIONS	CURRENCY TRANSACTIONS	OTHER TRANSACTIONS	TOTAL
A.1 Revaluations	906,878	XXX	24,227,081	25,133,959
A.2 Writedowns	- 838,990	XXX	- 22,431,840	- 23,270,830
B. Other profits/losses	96,947	254,932	- 927,471	- 575,592
<b>Totals</b>	<b>164,835</b>	<b>254,932</b>	<b>867,770</b>	<b>1,287,537</b>
1. Government securities	38,762			
2. Other debt securities	19,827			
3. Equity securities	634,238			
4. Derivative contracts on securities	- 527,992			

## ● Section 4 ADMINISTRATIVE COSTS

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
80. Administrative costs	5,216,544	5,133,846	5,022,570

### Item 80 “Administrative expenses”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>a) Payroll costs:</b>			
- Wages and salaries	2,367,316	2,283,528	2,246,909
- Social security contributions	613,612	598,552	592,173
- Severance pay	141,962	139,826	139,118
- Pensions and similar benefits	97,115	98,363	98,151
- Other	60,805	68,103	83,307
	<b>3,280,810</b>	<b>3,188,372</b>	<b>3,159,658</b>
<b>b) Other administrative costs:</b>			
- Indirect taxes and duties	268,073	284,690	280,235
- Miscellaneous costs and expenses	1,667,661	1,660,784	1,582,677
	<b>1,935,734</b>	<b>1,945,474</b>	<b>1,862,912</b>
<b>Total</b>	<b>5,216,544</b>	<b>5,133,846</b>	<b>5,022,570</b>

#### Miscellaneous costs and expenses - detail

€ '000

External consultants	145,234	195,620	192,707
Insurance	45,585	42,193	33,993
Advertising	138,486	122,924	114,847
Security	68,362	78,804	82,665
- Internal and external surveillance of premises	35,197	38,968	38,454
- Transport of valuables and documents	33,165	39,836	44,211
Various third-party services	254,656	248,815	234,877
Expenses relating to premises:	337,868	319,074	309,587
- Rentals	210,662	196,546	190,006
- Maintenance of premises	27,724	29,614	29,362
- Cleaning of premises	34,672	30,844	29,622
- Utilities	64,810	62,070	60,597
Maintenance and lease rentals for furniture, machinery and equipment:	199,547	177,641	176,737
- Repair and maintenance of furniture, machinery and equipment	85,690	74,485	73,770
- Lease of electronic equipment and software	113,857	103,156	102,967
Postage, telecom and office supplies:	258,618	247,018	236,253
- Postage, telephone, telegraph and telex	200,033	189,075	180,228
- Printing and stationery	47,215	41,383	39,820
- Various office supplies	11,370	16,560	16,205
Travel expense including hire:	68,590	70,352	57,827
- Travelling expenses	53,498	53,860	45,810
- Various hire charges	15,092	16,492	12,017
Credit information and searches	15,863	19,342	18,957
Other	134,852	139,001	124,227
- Compensation and fees paid to directors and statutory auditors	18,681	16,369	14,789
- Donations	5,069	5,597	5,063
- Other	111,102	117,035	104,375
<b>Total</b>	<b>1,667,661</b>	<b>1,660,784</b>	<b>1,582,677</b>



#### 4.1 Average number of employees by category

AVERAGE NUMBER OF EMPLOYEES	2003	2002 RESTATED	2002 HISTORICAL
a) Senior managers	956	919	880
b) Executives	7,553	7,253	7,139
c) Remaining staff	60,591	61,608	59,179
<b>Total</b>	<b>69,100</b>	<b>69,780</b>	<b>67,198</b>

The number of employees indicated above is the mean of the number of employees at the end of the current and previous periods.

NUMBER OF EMPLOYEES AT END OF YEAR	2003	2002 RESTATED	2002 HISTORICAL
a) Senior managers	1,046	866	827
b) Executives	7,482	7,624	7,509
c) Remaining staff	60,534	60,649	58,219
<b>Total</b>	<b>69,062</b>	<b>69,139</b>	<b>66,555</b>
Part-time employees	4,368	4,331	4,278

### ● Section 5 WRITEDOWNS, WRITE-BACKS AND PROVISIONS

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
90. Writedowns of intangible and tangible fixed assets	749,745	724,649	704,568
100. Provisions for risks and charges	230,293	164,041	163,690
120. Writedowns of loans and provisions for guarantees and commitments	1,489,225	1,528,778	1,489,302
130. Write-backs of loans and provisions for guarantees and commitments	531,946	511,757	510,032
140. Provisions to loan loss reserves	43,931	9,767	9,767
150. Writedowns of financial investments	30,158	312,923	311,855
160. Write-backs of financial investments	19,806	17,246	17,246
230. Change in fund for general banking risks	-3,841	+3,836	+3,836

## Item 90 “Writedowns of intangible and tangible fixed assets”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>Writedowns of tangible fixed assets:</b>	<b>308,545</b>	<b>329,285</b>	<b>312,771</b>
- Property	97,052	105,197	102,575
- Movables	62,626	71,152	63,854
- Equipment	148,867	152,936	146,342
<b>Writedowns of intangible fixed assets</b>	<b>282,725</b>	<b>278,980</b>	<b>275,413</b>
- of which: goodwill	105,098	128,189	128,189
<b>Writedowns of positive consolidation differences *</b>	<b>157,754</b>	<b>114,448</b>	<b>114,448</b>
<b>Writedowns of positive net equity differences *</b>	<b>721</b>	<b>1,936</b>	<b>1,936</b>
<b>Total</b>	<b>749,745</b>	<b>724,649</b>	<b>704,568</b>

\* For details see Section 8 of the Notes to Accounts.

## Item 100 “Provisions for risks and charges”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>Provisions to “reserves for risks and charges”:</b>			
- Sub-item d) “Other reserves”	230,293	164,041	163,690
<b>Total</b>	<b>230,293</b>	<b>164,041</b>	<b>163,690</b>

## Details of Item 120 “Writedowns of loans and provisions for guarantees and commitments”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>Writedowns of loans:</b>	<b>1,464,016</b>	<b>1,474,686</b>	<b>1,435,210</b>
- to banks	7,878	19,210	19,210
- to customers	1,456,138	1,455,019	1,415,887
- to associated companies (other than Group companies)	-	457	113
<b>Provisions to “reserves for risks and charges”:</b>	<b>25,209</b>	<b>54,092</b>	<b>54,092</b>
- Sub-item d) “Other reserves”:			
provisions for guarantees and commitments	25,209	54,092	54,092
<b>Total</b>	<b>1,489,225</b>	<b>1,528,778</b>	<b>1,489,302</b>

### Item 130 “Write-backs of loans and provisions for guarantees and commitments”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
- Write-backs of loans	494,524	456,054	454,329
- Write-backs of provisions for guarantees and commitments	37,422	55,703	55,703
<b>Total</b>	<b>531,946</b>	<b>511,757</b>	<b>510,032</b>

### Item 140 “Provisions to loan loss reserves”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
- Provisions for the year	43,931	9,767	9,767
<b>Total</b>	<b>43,931</b>	<b>9,767</b>	<b>9,767</b>

### Item 150 “Writedowns of financial investments”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
- Writedowns of securities	15,190	37,336	36,283
- Writedowns of equity investments	14,968	275,587	275,572
<b>Total</b>	<b>30,158</b>	<b>312,923</b>	<b>311,855</b>

### Item 160 “Write-backs of financial investments”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
- Write-backs of securities	15,773	15,498	15,498
- Write-backs of equity investments	4,033	1,748	1,748
<b>Total</b>	<b>19,806</b>	<b>17,246</b>	<b>17,246</b>

### Item 230 “Changes in the fund for general banking risks”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
- New funds *	+ 291	+ 3,878	+ 3,878
- Uses **	- 4,132	- 42	- 42
<b>Total</b>	<b>- 3,841</b>	<b>+ 3,836</b>	<b>+ 3,836</b>
* additions:			
<i>Pioneer Investment Management SGRpA</i>	+ 250		
<i>Grifofactor</i>	+ 41		
<b>Total</b>	<b>+ 291</b>		
** uses:			
<i>UniCredit Factoring</i>	- 4,132		
<b>Total</b>	<b>- 4,132</b>		
<b>Total</b>	<b>- 3,841</b>		

### 5.1 Item 120 “Writedowns of loans and provisions for guarantees and commitments”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>a) Writedowns of loans:</b>	<b>1,464,016</b>	<b>1,474,686</b>	<b>1,435,210</b>
<i>of which: - General writedowns for country risk</i>	4,020	11,119	11,119
<i>- Other general writedowns</i>	255,725	75,870	66,511
<b>b) Provisions for guarantees and commitments</b>	<b>25,209</b>	<b>54,092</b>	<b>54,092</b>
<i>(Provisions to “reserves for risks and charges”: sub-item d) “Other reserves”)</i>			
<i>of which: - General provisions for country risk</i>	300	1,811	1,811
<i>- Other general provisions</i>	7,071	7,872	7,872
<b>Total</b>	<b>1,489,225</b>	<b>1,528,778</b>	<b>1,489,302</b>

## ● Section 6 OTHER PROFIT AND LOSS ACCOUNT ITEMS

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
30. Dividends and other revenues	286,185	230,680	230,604
70. Other operating income	986,099	992,959	988,849
110. Other operating expense	212,705	281,107	256,228
170. Income (loss) from equity investments valued using the equity method	6,994	-14,336	-14,336
190. Extraordinary income	448,079	611,332	603,592
200. Extraordinary charges	233,480	246,113	245,055
240. Income tax for the year	1,385,620	1,332,577	1,316,923
250. Minorities	128,865	166,365	161,208

### 6.1 Item 70 “Other operating income”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>Debits to third parties:</b>	<b>688,926</b>	<b>664,400</b>	<b>663,678</b>
- Tax reimbursements	191,869	192,580	192,580
- Customer insurance premiums	14,206	15,306	15,306
- On deposits and current accounts	482,851	456,514	455,792
<b>Miscellaneous income:</b>	<b>296,840</b>	<b>327,919</b>	<b>324,531</b>
- Rental income	17,821	24,381	24,380
- Reimbursements of various amounts due in previous periods	55,276	23,093	23,093
- Miscellaneous reimbursements for costs incurred in previous periods	19,937	45,741	45,741
- Other	203,806	234,704	231,317
<b>Income on leased fixed assets</b>	<b>333</b>	<b>640</b>	<b>640</b>
<b>Total</b>	<b>986,099</b>	<b>992,959</b>	<b>988,849</b>

### 6.2 Item 110 “Other operating expenses”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
Payments for fixed assets under financial leases	3,244	6,680	6,680
Adjustments of conditions affecting previous periods	30,168	35,233	35,233
Restitutions for brokerage revenues	13,170	23,510	23,510
Option premiums	10,206	57,659	57,659
Other costs	155,917	158,025	133,146
<b>Total</b>	<b>212,705</b>	<b>281,107</b>	<b>256,228</b>

### 6.3 Item 190 “Extraordinary income”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>Profits on disposal of:</b>	<b>165,253</b>	<b>224,831</b>	<b>223,936</b>
- Property	94,065	101,264	100,805
- Investment securities	21,626	12,585	12,585
- Equity investments	37,488	76,086	94,066
- Other assets	11,956	19,018	15,878
- Equity investments consolidated on a line-by-line basis	118	15,878	602
<b>Contingent gains and reversal of liabilities</b>	<b>282,826</b>	<b>386,501</b>	<b>379,656</b>
- Surpluses from previous year provisions	96,432	217,208	216,747
- Reversal of liabilities due to write-offs	48,083	9,243	9,243
- Recoveries of assets written off	1,100	6,847	3,713
- Deferred tax assets related to previous periods	60,249	15,379	15,379
- Miscellaneous	76,962	137,824	134,574
<b>Total</b>	<b>448,079</b>	<b>611,332</b>	<b>603,592</b>

### 6.4 Item 200 “Extraordinary charges”

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
<b>Losses on disposal of:</b>	<b>18,805</b>	<b>34,053</b>	<b>33,445</b>
- Property	1,588	2,078	2,078
- Investment securities	8,198	234	234
- Equity investments	3,768	9,287	8,679
- Other financial fixed assets	2	20,952	20,952
- Other assets	2,039	1,502	1,502
- Equity investments consolidated on a line-by-line basis	3,210	-	-
<b>Contingent losses and reversal of assets:</b>	<b>214,675</b>	<b>212,060</b>	<b>211,610</b>
- Payroll costs due to separation bonuses	31,130	29,090	29,090
- Deferred tax assets related to previous periods	40,661	40,203	40,134
- Miscellaneous	142,884	142,767	142,386
<b>Total</b>	<b>233,480</b>	<b>246,113</b>	<b>245,055</b>

### Item 240 “Income taxes for the year”

€ '000

	2003	2002
1. Current taxes	1,374,643	1,480,999
2. Changes in deferred tax assets	52,108	-104,793
3. Changes in deferred liabilities	-41,131	-59,283
<b>4. Income tax for the year</b>	<b>1,385,620</b>	<b>1,316,923</b>

## Item 250 “Minorities”

€ '000

	2003	2002
<b>Net profit (loss) of the following companies</b>	<b>128,699</b>	<b>159,428</b>
Bank Pekao S.A. Group	91,988	91,510
Zagrebacka Banka Group	20,284	38,617
Banca Agricola Commerciale della Repubblica di San Marino S.A.	1,904	2,198
Banca dell'Umbria 1462 SpA	1,204	7,913
Locat SpA	3,139	5,071
Cassa di Risparmio di Carpi SpA	10	3,742
Banca Mediocredito SpA	1,610	1,320
Bulbank A.D.	6,983	5,873
Unibanka D.D. (formerly Polnobanka)	1,557	1,286
Other	20	1,898
<b>Consolidation adjustments</b>	<b>166</b>	<b>1,780</b>
Reversal of dividends collected from Banca dell'Umbria 1462 SpA	-19	-246
Other consolidation adjustments	185	2,026
<b>Total</b>	<b>128,865</b>	<b>161,208</b>

## ● Section 7 OTHER NOTES TO THE PROFIT AND LOSS ACCOUNT

### 7.1 Geographical distribution of income

This table covers items 10, 30, 40, 60 and 70 of the profit and loss account.

€ '000

	2003	2002 RESTATED	2002 HISTORICAL
- Italy	11,728,058	11,518,505	11,518,505
- Other EU countries	1,387,282	1,444,371	1,444,371
- Other countries	2,863,534	3,434,567	2,952,612
<b>Total</b>	<b>15,978,874</b>	<b>16,397,443</b>	<b>15,915,488</b>

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## Part D - Other Information

### ● Section 1 DIRECTORS AND STATUTORY AUDITORS

#### 1.1 Remuneration

€ '000

	2003
a) Directors	4,806
b) Statutory auditors	517
	5,323

#### 1.2 Loans and guarantees issued

€ '000

	2003
a) Directors	368,051
b) Statutory auditors	584
	368,635

Amounts include transactions generated, in accordance with current laws, with companies in which the Directors and Statutory Auditors of the Parent Company have an interest.



## ● Section 2 CONSOLIDATED CASH FLOW STATEMENT

€ '000

	2003
<b>FUNDS GENERATED AND COLLECTED</b>	
<b>Funds generated from operations:</b>	
Net profit for the period	1,960,580
Writedowns (write-backs) of loans	1,031,899
Provision to employee severance pay reserve	128,206
Provision to fund for general banking risks	-
Provision to reserve for retirement and similar obligations	26,157
Provision to taxation reserves and deferred taxes	1,343,715
Provision to consolidation reserve for future risks and charges	-
Provision for risks and charges – other	209,294
Provision to loan loss reserves	43,931
Writedowns (write-backs) of intangible and tangible fixed assets	749,745
Writedowns (write-backs) of financial investments	10,352
<b>Total funds generated from operations</b>	<b>5,503,879</b>
<b>Group shareholders' equity (increase in capital and reserves)</b>	
- Capital stock	-
- Share premium reserve	-
- Reserves (other changes)	-199,416
<b>Total increase in capital and reserves</b>	<b>-199,416</b>
<b>Increase in minority portion of shareholders' equity</b>	<b>-198,620</b>
<b>Other funds collected:</b>	
Negative consolidation and net equity differences	-261
Subordinated debt	-898,904
Due to banks	12,261,401
Due to customers (including deposits received in administration)	4,404,454
Securities in issue	4,124,226
Accrued liabilities and deferred income	-30,150
Other liabilities	4,288,462
Other changes in reserves	365,484
<b>Total changes in other funds collected</b>	<b>24,514,712</b>
<b>Total funds generated and collected</b>	<b>29,620,555</b>
<b>FUNDS USED AND INVESTED</b>	
Dividends distributed and other allocations (charities, etc.)	1,005,399
Uses of provisions to taxation reserves, employee severance pay reserve and reserves for risks and charges, and fund for general banking risks	1,864,741
Cash and deposits with central banks	342,548
Loans to banks	4,681,644
Loans to customers	13,920,080
Securities	-903,831
Equity investments	1,111,275
Intangible and tangible fixed assets (including positive consolidation differences)	586,097
Accrued income and prepaid expenses	-43,896
Other assets	7,056,498
<b>Total funds used and invested</b>	<b>29,620,555</b>

Managing Director/CEO  
Profumo

Chief Accountant  
Leccacorvi

# UNICREDITO ITALIANO S.p.A.

Unaudited Financial Statements as at and for the Six Months Ended 30th June, 2004

## CONSOLIDATED BALANCE SHEET

(amounts in thousands of €)

### Assets

Items	Amounts as at			
	30th June, 2004	31st December, 2003	30th June, 2003	
		Historical	Restated	Historical
<b>10. Cash and deposits with central banks and post offices</b>	1,621,041	1,952,396	1,275,109	1,275,087
<b>20. Treasury notes and similar securities eligible for refinancing</b>	1,858,622	2,054,001	2,769,003	2,769,003
<b>30. Loans to banks:</b>	28,627,201	32,783,258	28,464,524	28,454,346
(a) On demand	3,138,982	2,039,916	2,673,506	2,664,870
(b) Other loans	25,488,219	30,743,342	25,791,018	25,789,476
<b>40. Loans to customers.</b>	133,197,990	126,709,237	116,521,928	116,513,611
of which:				
– loans with deposits received in administration	146,752	138,662	143,014	143,014
<b>50. Bonds and other debt securities:</b>	28,968,337	25,348,504	30,728,806	30,699,018
(a) Of government issuers	17,585,342	15,264,363	18,774,903	18,745,115
(b) Of banks	5,534,138	5,659,796	5,491,113	5,491,113
of which:				
– own securities	15,606	10,533	—	—
(c) Of financial institutions.	4,678,020	3,111,978	4,651,591	4,651,591
of which:				
– own securities	—	—	—	—
(d) Of other issuers	1,170,837	1,312,367	1,811,199	1,811,199
<b>60. Shares, interests and other equity securities</b>	2,097,016	2,124,084	1,905,656	1,905,653
<b>70. Equity investments.</b>	3,356,987	3,367,224	3,097,134	3,097,134
(a) Valued at net equity	592,186	594,484	519,585	519,585
(b) Other	2,764,801	2,772,740	2,577,549	2,577,549
<b>80. Equity investments in Group companies</b>	139,455	137,242	161,848	148,551
(a) Valued at net equity	130,026	127,693	146,375	138,360
(b) Other	9,429	9,549	15,473	10,191
<b>90. Positive consolidation differences</b>	1,160,495	1,229,299	1,176,234	1,176,234
<b>100. Positive net equity differences</b>	2,644	2,907	3,366	3,366
<b>110. Intangible fixed assets</b>	1,150,961	1,167,290	1,199,115	1,195,422
of which:				
– Start-up costs	1,705	2,064	2,633	2,587
– Goodwill	742,022	770,785	833,145	833,145
<b>120. Tangible fixed assets</b>	3,219,814	3,238,372	3,444,726	3,438,792
<b>150. Other assets</b>	35,679,736	36,124,218	36,017,603	36,011,150
<b>160. Accrued income and prepaid expenses:</b>	2,457,824	2,017,604	2,078,470	2,073,123
(a) Accrued Income	1,790,169	1,454,660	1,656,332	1,655,494
(b) Prepaid expenses.	667,655	562,944	422,138	417,629
of which:				
– issue discount on securities	18,809	8,753	9,059	9,059
<b>Total assets</b>	<u>243,538,123</u>	<u>238,255,636</u>	<u>228,843,522</u>	<u>228,760,490</u>

Note: The restated balance sheets take into account the most significant changes in the scope of consolidation.

## Liabilities and shareholders' equity

Items	Amounts as at			
	30th June, 2004	31st December, 2003	30th June, 2003	
		Historical	Restated	Historical
<b>10. Due to banks:</b>	42,830,755	44,252,285	39,784,696	39,784,556
(a) On demand	2,723,818	2,910,240	3,130,912	3,130,781
(b) On term or with notice	40,106,937	41,342,045	36,653,784	36,653,775
<b>20. Due to customers:</b>	98,399,251	97,802,811	93,778,046	93,774,644
(a) On demand	65,840,523	62,754,025	61,249,299	61,249,299
(b) On term or with notice	32,558,728	35,048,786	32,528,747	32,525,345
<b>30. Securities in issue:</b>	41,206,697	37,297,683	33,291,520	33,291,520
(a) Bonds	17,707,665	10,839,450	11,904,228	11,904,228
(b) Certificates of deposit	21,661,099	25,645,472	19,516,454	19,516,454
(c) Other securities	1,837,933	812,761	1,870,838	1,870,838
<b>40. Deposits received in administration</b>	172,301	173,344	202,085	202,085
<b>50. Other liabilities</b>	35,141,404	31,841,817	35,363,867	35,349,571
<b>60. Accrued liabilities and deferred income:</b>	2,055,482	1,749,273	2,000,012	1,996,997
(a) Accrued liabilities	1,647,749	1,336,777	1,721,584	1,718,569
(b) Deferred income	407,733	412,496	278,428	278,428
<b>70. Reserve for employee severance pay</b>	1,027,389	993,624	986,800	983,779
<b>80. Reserves for risks and charges:</b>	2,429,721	3,836,482	3,056,243	3,051,278
(a) Reserve for pensions and similar obligations	512,494	520,513	527,239	527,239
(b) Taxation reserve	845,270	1,984,233	1,469,941	1,468,794
(c) Consolidation reserve for future risks and charges	3,886	3,886	4,271	4,271
(d) Other reserves	1,068,071	1,327,850	1,054,792	1,050,974
<b>90. Loan loss reserves</b>	—	69,163	104,859	104,832
<b>100. Fund for general banking risks</b>	133,323	133,260	137,107	137,107
<b>110. Subordinated debt</b>	6,202,633	6,189,574	6,782,330	6,782,330
<b>120. Negative consolidation differences</b>	51,778	51,620	51,788	51,788
<b>130. Negative net equity differences</b>	10,208	12,425	10,485	10,485
<b>140. Minority portion of shareholders' equity (+/-)</b>	+963,622	+972,978	+1,071,595	+1,017,429
<b>150. Capital</b>	3,158,168	3,158,168	3,148,070	3,148,070
<b>160. Share premium reserve</b>	2,308,639	3,308,639	3,308,639	3,308,639
<b>170. Reserves:</b>	6,115,938	4,166,693	4,335,661	4,335,661
(a) Legal reserve	631,634	508,136	508,136	508,136
(b) Reserve for own shares or interests	—	—	—	—
(c) Statutory reserves	1,593,411	1,015,472	1,015,472	1,015,472
(d) Other reserves	3,890,893	2,643,085	2,812,053	2,812,053
<b>180. Revaluation reserves</b>	281,782	285,217	297,772	297,772
<b>190. Retained earnings</b>	—	—	—	—
<b>200. Net profit</b>	1,049,032	1,960,580	1,131,947	1,131,947
<b>Total liabilities and shareholders' equity</b>	<u>243,538,123</u>	<u>238,255,636</u>	<u>228,843,522</u>	<u>228,760,490</u>

## Guarantees and commitments

Items	Amounts as at			
	30th June, 2004	31st December, 2003	30th June, 2003	
		Historical	Restated	Historical
<b>10. Guarantees given</b> . . . . .	13,058,784	12,268,915	13,624,154	13,624,154
of which:				
– Acceptances . . . . .	92,251	36,875	96,831	96,831
– Other guarantees . . . . .	12,966,533	12,232,040	13,527,323	13,527,323
<b>20. Commitments</b> . . . . .	29,287,363	22,326,036	26,715,426	26,715,426
of which:				
– For sales with repurchase obligations. . . . .	—	—	—	—

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(amounts in thousands of €)

Items	First Half			Full Year	
	2004	2003		2003	
		Restated	Historical	Restated	Historical
10. Interest income and similar revenues . . . . .	4,533,093	4,850,076	4,876,937	9,491,313	9,541,310
of which:					
– On loans to customers . . . . .	3,429,617	3,468,920	3,496,566	6,651,529	6,703,622
– On debt securities . . . . .	760,012	949,317	948,729	2,001,365	1,999,663
20. Interest expense and similar charges . . . . .	2,133,979	2,406,758	2,406,757	4,746,811	4,746,808
of which:					
– On amounts due to customers . . . . .	656,245	789,333	789,333	1,427,753	1,427,753
– On securities in issue . . . . .	431,066	437,709	437,709	827,537	827,537
30. Dividends and other revenues: . . . . .	102,290	140,062	183,255	234,015	286,185
(a) On shares, interests and other equity securities . . . . .	75,711	116,910	147,898	197,297	228,299
(b) On equity investments . . . . .	26,579	23,152	35,357	36,718	57,886
(c) On equity investments in Group companies . . . . .	—	—	—	—	—
40. Commission income . . . . .	1,927,293	1,974,082	1,953,704	3,901,278	3,877,743
50. Commission expense . . . . .	274,830	353,840	334,373	594,374	561,586
60. Trading profits (loss). . . . .	587,335	784,782	784,862	1,287,456	1,287,537
70. Other operating income . . . . .	551,390	534,216	491,099	1,083,267	986,099
80. Administrative expenses: . . . . .	2,703,390	2,620,504	2,600,984	5,252,289	5,216,544
(a) Payroll costs . . . . .	1,688,807	1,639,708	1,639,139	3,279,953	3,280,810
of which:					
– Wages and salaries . . . . .	1,198,836	1,163,497	1,183,138	2,328,787	2,367,316
– Social security contributions . . . . .	312,092	299,647	304,307	603,934	613,612
– Severance pay . . . . .	74,611	72,076	71,602	142,736	141,962
– Pensions and similar benefits . . . . .	47,390	46,960	46,879	97,169	97,115
(b) Other administrative expenses . . . . .	1,014,583	980,796	961,845	1,972,336	1,935,734
90. Writedowns of intangible and tangible fixed assets . . . . .	362,983	361,477	359,142	754,063	749,745
100. Provisions for Risks and Charges . . . . .	35,859	134,363	134,328	230,323	230,293
110. Other operating expenses. . . . .	108,124	127,680	127,031	214,488	212,705
120. Writedowns of loans and provisions for guarantees and commitments . . . . .	738,297	670,503	670,503	1,489,225	1,489,225
130. Write-backs of loans and provisions for guarantees and commitments . . . . .	300,050	307,117	307,117	531,946	531,946
140. Provisions to loan loss reserves . . . . .	—	—	—	43,931	43,931
150. Writedowns of financial investments . . . . .	7,980	14,897	14,897	30,158	30,158
160. Write-backs of financial investments. . . . .	8,066	13,211	13,211	19,806	19,806
170. Income from equity investments valued at net equity valutate al patrimonio netto . . . . .	18,998	1,653	1,653	6,994	6,994
<b>180. Profit before extraordinary items and income tax . . . . .</b>	<b>1,663,073</b>	<b>1,915,177</b>	<b>1,963,823</b>	<b>3,200,413</b>	<b>3,256,625</b>
190. Extraordinary income . . . . .	188,351	187,601	187,403	447,586	448,079
200. Extraordinary charges . . . . .	86,152	118,599	117,855	232,499	233,480
<b>210. Extraordinary income – net. . . . .</b>	<b>102,199</b>	<b>69,002</b>	<b>69,548</b>	<b>215,087</b>	<b>214,599</b>
230. Change in fund for general banking risks . . . . .	—	—	—	– 3,841	– 3,841
240. Income tax for the period . . . . .	630,800	781,879	824,738	1,334,587	1,385,620
250. Minorities. . . . .	85,440	70,353	76,686	124,174	128,865
<b>260. Net profit (loss) for the period . . . . .</b>	<b>1,049,032</b>	<b>1,131,947</b>	<b>1,131,947</b>	<b>1,960,580</b>	<b>1,960,580</b>

Note: The restated profit and loss accounts take into account the most significant changes in the scope of consolidation and the reclassifications necessary to standardise results with 2004 figures, the most significant of which concerns the elimination of tax credits on dividends (a balancing entry to taxes and duties).

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# UNICREDITO ITALIANO BANK (IRELAND) p.l.c.

## Financial Statements for the Year Ended 31st December, 2003

### DIRECTORS AND OTHER INFORMATION

#### Directors

B. J. Hillery	(Chairman)
L. Parrilla	(Deputy Chairman, Italian)
F. Schepes	(Managing Director, Italian)
S. Bazzoni	(Italian)
P. Braccioni	(Italian)
E. Hanly	
G. Lombardi	(Italian)
D. McCabe	
M.J. Meagher	
S. Natale	(Italian)

#### Secretary and Registered Office

HMP Secretarial Limited  
La Touche House  
International Financial Services Centre  
Dublin 1

Registered Number: 240551

#### Auditors

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Georges Quay,  
Dublin 2

#### Solicitors

McCann FitzGerald  
2 Harbourmaster Place  
International Financial Services Centre  
Dublin 1

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## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

### Principal Activities and Review of the Business

The company is a wholly-owned subsidiary of UniCredito Italiano S.p.A. The principal business areas of the company are credit and structured finance (loans, bonds, securitisation, credit derivatives and other forms of asset financing), treasury activities (money market, repos, eonia and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.

The company achieved a significant increase in profits during the year.

### Profits, Dividends and Reserves

	2003 Euro	2002 Euro
Profit for the financial year amounted to:	<u>52,738,692</u>	<u>34,677,109</u>

The Directors' recommendations to deal with this are as follows:

	2003 Euro	2002 Euro
Ordinary dividend of €0.3674126 (2002: €0.2165) per share on 19,115,021 shares of one Euro each and 119,693,499 shares of one USD each. . . . .	51,000,000	30,052,045
Profit retained for the financial year . . . . .	<u>1,738,692</u>	<u>4,625,064</u>
	<u>52,738,692</u>	<u>34,677,109</u>

### Post Balance Sheet Events

There have been no significant events affecting the company since the year end.

### Welfare of Employees

It is the policy of the company to ensure the health and welfare of employees by maintaining a safe place and system of work. This policy is based on the requirements of employment legislation, including the Safety, Health and Welfare at Work Act, 1989.

### Arm's Length Transactions

The directors have established formal procedures to ensure that all trading with other members of the group is carried out on an arm's length basis.

### Political Donations

The Electoral Act 1997 requires companies to disclose all political donations over €5,079 in aggregate made during the year. The directors have satisfied themselves that no such donations have been made by the company.

### Future Developments

The directors reviewed the activities of the company with the intention of further developing its trading operations.

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**Directors**

The names of the persons who were directors at any time during the year are set out below.

B. J. Hillery	(Chairman)
L. Parrilla	(Deputy Chairman, Italian)
F. Schepes	(Managing Director, Italian)
S. Bazzoni	(Italian)
P. Braccioni	(Italian)
E. Hanly	
G. Lombardi	(Italian)
D. McCabe	
M. J. Meagher	
S. Natale	(Italian)

**Audit & Credit Review Committee**

The Audit & Credit Review Committee comprises of M. J. Meagher, S. Bazzoni and D. McCabe. The purpose and scope of the committee is to assist the board of directors and senior management in fulfilling their responsibilities for systems of internal control, accounting policies and financial reporting, and to monitor compliance with credit policy as approved by the board.

**Auditors**

The auditors, PricewaterhouseCoopers, will not be re-appointed in accordance with Section 160(2) of the Companies Act, 1963, due to the legislative requirements of the Italian Stock Exchange which require the rotation of group auditors.

**On behalf of the Board**

.....  
B. J. Hillery  
Chairman

.....  
L. Parrilla  
Deputy Chairman

.....  
F. Schepes  
Managing Director

.....  
S. Bazzoni  
Director

.....  
A. Smyth  
HMP Secretarial Limited  
Company Secretary

.....  
25th February, 2004  
.....  
Date



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## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. They are also responsible for the prevention and detection of fraud and other irregularities and to safeguard the assets of the company.

### Books of Account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at La Touche House, IFSC, Dublin 1.

### On behalf of the Board

.....  
B. J. Hillery  
Chairman

.....  
L. Parrilla  
Deputy Chairman

.....  
F. Schepes  
Managing Director

.....  
S. Bazzoni  
Director

.....  
A. Smyth  
HMP Secretarial Limited  
Company Secretary

.....  
25th February, 2004  
Date

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## INDEPENDENT AUDITORS' REPORT

*To the members of UniCredito Italiano Bank (Ireland) p.l.c.*

We have audited the financial statements on pages 8 to 32.

### **Respective Responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 5 in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001, and the European Communities (Credit Institutions: Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the company balance sheet, are not more than half of its called-up share capital.

We also report to you if in our opinion, information specified by law regarding directors' remuneration and transactions is not disclosed.

### **Basis of Audit Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December, 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001, and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Report of the Directors on pages 3 to 4 is consistent with the financial statements.

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The net assets of the company, as stated in the balance sheet on page 11, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31st December, 2003 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers  
*Chartered Accountants and Registered Auditors*  
Dublin

25th February, 2004

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## ACCOUNTING POLICIES

### Basis of Preparation

The financial statements which are drawn up in Euro, have been prepared under the historical cost convention as modified by the revaluation of certain investments, in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992 and the British Banking Association's Statements of Recommended Practice.

Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

### Income Recognition

Interest income and expense is accounted for on an accrual basis.

### Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is calculated so as to write down the cost of tangible fixed assets to their estimated residual value by equal annual instalments over their expected useful lives which are as follows:

Leasehold premises	5 years
Computer software	5 years
Computer equipment	3 years
Furniture and Fittings	3 years

### Computer Software

Costs incurred in acquiring and developing a computer software asset are capitalised as tangible fixed assets, where the software supports a significant business system and the expenditure leads to the creation of an identifiable durable asset. Software assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable.

### Foreign Currencies

Assets and liabilities in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date or at hedge rates where appropriate. Exchange adjustments resulting from trading transactions are reported as part of the operating income.

Where a branch of the company's operations is denominated in a foreign currency, the assets, liabilities, gains and losses of this branch are accounted for using the net investment method. The assets and liabilities are translated to Euro at the rate ruling at the balance sheet date. Exchange differences resulting from the retranslation of the opening assets and liabilities at closing rates, together with differences on the translation of the gains and losses, are dealt with through reserves. Share capital and capital contributions denominated in foreign currencies which are used to fund the net assets of the branch are also translated at the closing rate and the exchange gain or loss arising is accounted for as a movement on reserves.

### Debt Securities

#### Investment Securities

Debt securities held for use on a continuing basis in the company's activities are classified as investment securities. Such securities are stated at cost less provision for any permanent impairment. The cost of debt securities is adjusted for the amortisation of premiums or discounts over the period to maturity. The amortisation of premiums or discounts is included in interest receivable and similar income arising from debt securities.

#### Other Securities

Other securities are stated at fair value. Changes in the fair value of securities are recognised in the profit and loss account as they arise. Profits and losses on disposal are recognised when realised and included in dealing profits.

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**Pension Scheme**

The company operates a defined contribution pension scheme. The funds attributable to the scheme are administered by trustees and are independent from the company's finances. The company's contributions are charged against profits in the year in which the contributions are made.

**Derivative Financial Instruments**

Derivative financial instruments, such as swaps, are used by the company in hedging transactions. Gains and losses on these derivative financial instruments are accounted for on an accruals basis in accordance with the underlying transaction.

Derivatives used in the trading portfolio include futures in the interest rate and equity markets which are valued at their market values and the resultant profits and losses are included in dealing profits.

Credit default swaps sold as protection for a counterparty are intended to be held to maturity, and as such, are accounted for as guarantees. A provision is created when it is probable that a payment is required and the amount payable can be reasonably estimated.

**Taxation**

Corporation tax is provided on taxable profits using rates existing at the balance sheet date.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Repurchase Agreements**

Securities which have been sold under repurchase agreements continue to be included on the balance sheet. The proceeds received on the sale are recorded as a deposit on the balance sheet. The difference between the sale price and the repurchase price is accrued evenly over the term of the repurchase agreement and included in the profit and loss account in interest payable.

## PROFIT AND LOSS ACCOUNT

Year ended 31st December, 2003

	Notes	2003 Euro	2002 Euro
<b>Interest receivable</b>			
Interest receivable and similar income arising from debt securities . . .		113,528,253	70,981,774
Other interest receivable and similar income . . . . .		81,934,255	90,068,079
<b>Interest payable and similar charges . . . . .</b>		<b>(142,801,388)</b>	<b>(122,012,059)</b>
Net interest income . . . . .		52,661,120	39,037,794
<b>Other income</b>			
Fees and commissions receivable . . . . .		1,815,430	36,799
Fees and commissions payable . . . . .		(1,179,832)	(1,131,486)
Dealing profits/(losses) . . . . .	21	1,833,348	4,243,420
Other operating income . . . . .	1	8,128,550	—
Operating Income . . . . .		63,258,616	42,186,527
<b>Operating expenses</b>			
Administrative expenses . . . . .		(3,772,746)	(3,744,538)
Depreciation . . . . .		(407,178)	(112,104)
Operating profit on ordinary activities before taxation . . . . .	2	59,078,692	38,329,885
Taxation . . . . .	3	(6,340,000)	(3,652,776)
Profit on ordinary activities after taxation . . . . .		52,738,692	34,677,109
Proposed dividend . . . . .	4	(51,000,000)	(30,052,045)
Retained profit . . . . .		<u>1,738,692</u>	<u>4,625,064</u>
<b>Statement of total recognised gains and losses</b>			
Profit on ordinary activities after taxation . . . . .		52,738,692	34,677,109
Exchange adjustment . . . . .		(19,365,919)	(21,679,585)
<b>Total recognised gains and losses for the financial year . . . . .</b>		<b><u>33,372,773</u></b>	<b><u>12,997,524</u></b>

Profit on ordinary activities before taxation arose solely from continuing operations. There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical basis.

The movement in reserves is shown in note 7.

The following notes form part of the financial statements.

### On behalf of the Board

.....  
B. J. Hillery  
Chairman

.....  
L. Parrilla  
Deputy Chairman

.....  
F. Schepes  
Managing Director

.....  
S. Bazzoni  
Director

.....  
A. Smyth  
HMP Secretarial Limited  
Company Secretary

.....  
25th February, 2004  
Date

## BALANCE SHEET

31st December, 2003

	Notes	2003 Euro	2002 Euro
<b>Assets</b>			
Cash at Central banks . . . . .		25,093,833	9,968,474
Loans and advances to banks . . . . .	8	4,525,135,995	2,540,078,246
Loans and advances to customers . . . . .	9	274,149,792	38,915,207
Debt securities . . . . .	10	6,251,394,082	1,789,864,278
Tangible fixed assets . . . . .	11	1,979,557	1,049,555
Pre-payments and accrued income . . . . .		122,151,348	36,789,173
<b>Total assets.</b> . . . .		<b>11,199,904,607</b>	<b>4,416,664,933</b>
<b>Liabilities</b>			
Deposits by banks . . . . .	12	8,455,334,095	3,580,908,571
Customer accounts . . . . .	13	116,787,393	233,163,048
Debt securities in issue . . . . .	14	1,818,143,348	—
Other liabilities . . . . .	15	82,735,336	3,422,194
Deferred taxation . . . . .	16	540,000	—
Accruals and deferred income . . . . .		39,984,664	21,112,077
Proposed dividend . . . . .	4	51,000,000	30,052,045
		<b>10,564,524,836</b>	<b>3,868,657,935</b>
Called up share capital . . . . .	5	113,884,221	133,250,140
Other reserves . . . . .	6	510,418,666	405,418,666
Profit and loss account . . . . .	7	11,076,884	9,338,192
<b>Equity shareholders' funds</b> . . . . .	17	<b>635,379,771</b>	<b>548,006,998</b>
<b>Total liabilities</b> . . . . .		<b>11,199,904,607</b>	<b>4,416,664,933</b>
<b>MEMORANDUM ITEMS</b>			
Commitments . . . . .	27	464,509,440	165,646,722

The following notes form part of the financial statements.

### On behalf of the Board

. . . . .  
B. J. Hillery  
Chairman

. . . . .  
L. Parrilla  
Deputy Chairman

. . . . .  
F. Schepes  
Managing Director

. . . . .  
S. Bazzoni  
Director

. . . . .  
A. Smyth  
HMP Secretarial Limited  
Company Secretary

. . . . .  
25th February, 2004  
Date

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Other operating charges:

	2003 Euro	2002 Euro
Profit on disposal of investment securities . . . . .	8,128,550	—

### 2. Operating profit on ordinary activities before taxation has been arrived at after charging:

	2003 Euro	2002 Euro
Staff costs		
— wages and salaries . . . . .	1,554,224	1,281,872
— social security costs . . . . .	124,419	96,968
— other pension costs . . . . .	103,445	82,508
Directors fees . . . . .	104,479	104,816
Audit fee (incl. VAT) . . . . .	38,720	27,655
Other administrative expenses . . . . .	1,847,189	2,150,719
	<u>3,772,746</u>	<u>3,744,538</u>
Depreciation . . . . .	407,178	112,104
	<u>4,179,924</u>	<u>3,856,642</u>

The average number of individuals employed directly by the company during the year was sixteen (2001: thirteen).

### 3. Taxation

#### (a) Analysis of charge

	2003 Euro	2002 Euro
Republic of Ireland corporation tax on profits of the year . . . . .	5,800,000	3,650,000
Adjustments in respect of previous years . . . . .	—	2,776
Deferred tax charge . . . . .	540,000	—
Tax on profit on ordinary activities . . . . .	<u>6,340,000</u>	<u>3,652,776</u>

#### (b) Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of tax in the Republic of Ireland 12.5 per cent (2002: 16%). The differences are explained below:

	2003 Euro	2002 Euro
Profit on ordinary activities before tax . . . . .	<u>59,078,692</u>	<u>38,329,885</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5% (2002: 16%) . . . . .	7,384,836	6,132,782
Effects of:		
Relief under section 446, Taxes Consolidation Act, 1997 . . . . .	(1,448,070)	(2,191,899)
Disallowable items . . . . .	1,150,907	54,804
Allowable deductions . . . . .	(1,170,767)	(187,681)
Capital allowances in excess of depreciation . . . . .	(116,906)	(158,006)
Adjustments to tax charge in respect of previous years . . . . .	—	2,776
Current tax charge for the year . . . . .	<u>5,800,000</u>	<u>3,652,776</u>



#### 4. Proposed Dividend

	2003 Euro	2002 Euro
<i>Equity</i>		
Ordinary dividend of €0.3674126 per share (2002: €0.2165 per share) on 19,115,021 shares of one Euro each and 119,693,499 shares of one USD each . . . . .	<u>51,000,000</u>	<u>30,052,045</u>

#### 5. Called up share capital

	Authorised Euro	Issued Euro
<i>Equity at 31 December 2003</i>		
19,115,021 ordinary shares of one Euro each . . . . .	19,115,021	19,115,021
119,693,499 ordinary shares of one US Dollar each . . . . .	<u>94,769,200</u>	<u>94,769,200</u>
	<u>113,884,221</u>	<u>113,884,221</u>
<i>Equity at 31 December 2002</i>		
19,115,021 ordinary shares of one Euro each . . . . .	19,115,021	19,115,021
119,693,499 ordinary shares of one US Dollar each . . . . .	<u>114,135,119</u>	<u>114,135,119</u>
	<u>133,250,140</u>	<u>133,250,140</u>

All of the company's shares in issue at 31 December 2003 and 31 December 2002 were fully paid.

#### 6. Other Reserves

	2003 Euro	2002 Euro
Capital contribution . . . . .	<u>510,418,666</u>	<u>405,418,666</u>

The company received a capital contribution of Euro 105,000,000 from its parent, UniCredito Italiano S.p.A. on 30 April 2003.

#### 7. Profit and loss account

	2003 Euro	2002 Euro
At beginning of year . . . . .	9,338,192	4,713,128
Retained profit . . . . .	<u>1,738,692</u>	<u>4,625,064</u>
At end of year . . . . .	<u>11,076,884</u>	<u>9,338,192</u>

#### 8. Loans and advances to banks

	2003 Euro	2002 Euro
Repayable on demand. . . . .	<u>3,579,063</u>	<u>82,684</u>
Other loans and advances		
Remaining maturity		
– over 5 years . . . . .	2,148,000,000	248,000,000
– 5 years or less but over 1 year . . . . .	2,137,000,000	2,267,000,000
– 1 year or less but over 3 months . . . . .	114,705,305	—
– 3 months or less . . . . .	<u>121,851,627</u>	<u>24,995,562</u>
	<u>4,521,556,932</u>	<u>2,539,995,562</u>
	<u>4,525,135,995</u>	<u>2,540,078,246</u>
Amounts include:		
Due from group undertakings – unsubordinated. . . . .	<u>4,335,000,384</u>	<u>2,507,013,264</u>

## 9. Loans and advances to customers

	2003 Euro	2002 Euro
Repayable on demand. . . . .	—	—
Other loans and advances		
Remaining maturity		
— over 5 years . . . . .	—	—
— 5 years or less but over 1 year . . . . .	29,000,000	7,000,000
— 1 year or less but over 3 months . . . . .	—	2,757,297
— 3 months or less . . . . .	245,149,792	29,157,910
	<u>274,149,792</u>	<u>38,915,207</u>
Remaining maturity		
Amounts include:		
Due from group undertakings — unsubordinated . . . . .	<u>54,307,587</u>	<u>32,030,744</u>

## 10. Debt securities

	Book Value Euro	Gross Unrealised Gains Euro	Gross Unrealised (Losses) Euro	Fair Value Euro
<b>At 31 December 2003:</b>				
<i>Issued by Public Bodies</i>				
Investment securities				
— government securities . . . . .	1,139,283,808	16,432,092	(9,887,687)	1,145,828,213
— other public sector securities. . . . .	50,000,000	26,546	(203,200)	49,823,346
<i>Issued by Other Issuers</i>				
Investment securities				
— other debt securities . . . . .	4,671,500,557	19,043,764	(34,966,087)	4,655,578,234
Other securities				
— other debt securities . . . . .	390,609,717	—	—	390,609,717
	<u>6,251,394,082</u>	<u>35,502,402</u>	<u>(45,056,974)</u>	<u>6,241,839,510</u>

The net book value of the securities transferred under repurchase agreements was Euro 1,813,248,647 (2002: Euro 1,556,743,092).

The fair value of investment securities above Euro 5,851,229,793 (2002: Euro 1,525,482,856) is stated net of the fair value of interest rate and currency swaps Euro 319,351,275 (2002: Euro 316,817,997).

The net unamortised discount on investment securities amounted to Euro 40,461,887 (2002: Euro 16,376,677).

	Book Value Euro	Gross Unrealised Gains Euro	Gross Unrealised (Losses) Euro	Fair Value Euro
<b>At 31 December 2002:</b>				
<i>Issued by Public Bodies</i>				
Investment securities				
— government securities . . . . .	719,201,964	7,495,813	(23,475,478)	703,222,299
— other public sector securities. . . . .	45,000,000	—	(715,517)	44,284,483
Other securities				
— government securities . . . . .	4,871,500	—	—	4,871,500
<i>Issued by Other Issuers</i>				
Investment securities				
— other debt securities . . . . .	791,823,735	1,323,365	(15,171,026)	777,976,074
Other securities				
— other debt securities . . . . .	228,967,079	—	—	228,967,079
	<u>1,789,864,278</u>	<u>8,819,178</u>	<u>(39,362,021)</u>	<u>1,759,321,435</u>

	2003 Euro	2002 Euro
<i>Analysis by listing status</i>		
Investment securities		
— listed . . . . .	2,749,851,925	1,393,285,386
— unlisted . . . . .	3,110,932,440	162,740,313
	<u>5,860,784,365</u>	<u>1,556,025,699</u>
Other securities		
— listed . . . . .	390,609,717	163,808,779
— unlisted . . . . .	—	70,029,800
	<u>390,609,717</u>	<u>233,838,579</u>
	<u>6,251,394,082</u>	<u>1,789,864,278</u>
<i>Analysis by remaining maturity</i>		
— due within one year . . . . .	633,931,621	206,268,449
— due one year and over . . . . .	5,617,462,461	1,583,595,829
	<u>6,251,394,082</u>	<u>1,789,864,278</u>

	Cost Euro	Discount/ (Premium) Amortised Euro	Exchange Adjustments Euro	Book Value Euro
<b>Investment securities movements</b>				
At 31 December 2002 . . . . .	1,581,567,970	2,071,011	(27,613,282)	1,556,025,699
Acquisitions . . . . .	5,044,203,354	2,315,319	(48,894,997)	4,997,623,676
Disposals and redemptions . . . . .	(631,386,575)	(686,727)	(10,100,043)	(642,173,345)
Exchange adjustments . . . . .	—	—	(50,383,101)	(50,383,101)
Amortisation of premiums & discounts . . . . .	—	(308,564)	—	(308,564)
At 31 December 2003 . . . . .	<u>5,994,384,749</u>	<u>3,391,039</u>	<u>(136,991,423)</u>	<u>5,860,784,365</u>

## 11. Tangible fixed assets

	Leasehold Premises Euro	Computer Equipment Euro	Furniture & Fittings Euro	Total Euro
<i>Cost</i>				
At 1 January 2003 . . . . .	—	1,373,739	161,123	1,534,862
Additions . . . . .	1,314,339	28,084	—	1,342,423
Disposals . . . . .	(5,934)	—	—	(5,934)
At 31 December 2003 . . . . .	<u>1,308,405</u>	<u>1,401,823</u>	<u>161,123</u>	<u>2,871,351</u>
<i>Accumulated depreciation</i>				
At 1 January 2003 . . . . .	—	331,978	153,329	485,307
Charge for year . . . . .	155,231	245,211	6,736	407,178
Disposals . . . . .	(691)	—	—	(691)
At 31 December 2003 . . . . .	<u>154,540</u>	<u>577,189</u>	<u>160,065</u>	<u>891,794</u>
<i>Net book values</i>				
At 31 December 2002 . . . . .	<u>—</u>	<u>1,041,761</u>	<u>7,794</u>	<u>1,049,555</u>
At 31 December 2003 . . . . .	<u>1,153,865</u>	<u>824,634</u>	<u>1,058</u>	<u>1,979,557</u>

Included in the totals for computer equipment is an amount of Euro 1,051,843 relating to capitalised software costs.

## 12. Deposits by banks

	2003 Euro	2002 Euro
Repayable on demand . . . . .	43,083	—
Remaining maturity:		
— 5 years or less but over 1 year . . . . .	750,000,000	750,000,000
— 1 year or less but over 3 months . . . . .	485,317,500	15,000,000
— 3 months or less . . . . .	7,219,973,512	2,815,908,571
	<u>8,455,291,012</u>	<u>3,580,908,571</u>
	<u>8,455,334,095</u>	<u>3,580,908,571</u>
Amounts include:		
Due to group undertakings . . . . .	<u>1,523,959,512</u>	<u>89,650,720</u>

## 13. Customer accounts

	2003 Euro	2002 Euro
Term deposits and other products . . . . .	116,787,393	233,163,048
Remaining maturity:		
— 5 years or less but over 1 year . . . . .	—	—
— 1 year or less but over 3 months . . . . .	—	—
— 3 months or less . . . . .	116,787,393	233,163,048
	<u>116,787,393</u>	<u>233,163,048</u>
Amounts include:		
Due to group undertakings . . . . .	<u>17,163,419</u>	<u>14,437,071</u>

## 14. Debt securities in issue

	2003 Euro	2002 Euro
<i>Bonds and medium term notes</i>		
Remaining maturity:		
— 5 years or less but over 1 year . . . . .	1,263,249,272	—
— 1 year or less but over 3 months . . . . .	—	—
— 3 months or less . . . . .	—	—
	<u>1,263,249,272</u>	<u>—</u>
<i>Other debt securities in issue</i>		
Remaining maturity:		
— 5 years or less but over 1 year . . . . .	—	—
— 1 year or less but over 3 months . . . . .	50,629,454	—
— 3 months or less . . . . .	504,264,622	—
	<u>1,818,143,348</u>	<u>—</u>

## 15. Other liabilities

	2003 Euro	2002 Euro
Creditors and accruals . . . . .	78,930,386	522,194
Taxation . . . . .	3,804,950	2,900,000
	<u>82,735,336</u>	<u>3,422,194</u>

## 16. Deferred taxation

	2003 Euro	2002 Euro
<i>Deferred taxation liability amounts to:</i>		
Short term timing differences . . . . .	540,000	—
<i>Analysis of movement in deferred taxation</i>		
At 1 January . . . . .	—	—
Profit and loss account taxation charge . . . . .	540,000	—
At 31 December. . . . .	540,000	—

## 17. Reconciliation of movement in equity shareholders' funds

	2003 Euro	2002 Euro
Profit on ordinary activities after tax . . . . .	52,738,692	34,677,109
Proposed dividend. . . . .	(51,000,000)	(30,052,045)
Net additions to equity shareholders' funds . . . . .	1,738,692	4,625,064
Capital contribution . . . . .	105,000,000	—
Exchange adjustment . . . . .	(19,365,919)	(21,679,585)
Opening equity shareholders' funds . . . . .	548,006,998	565,061,519
Closing equity shareholders' funds . . . . .	635,379,771	548,006,998

## 18. Balance sheet by currency

	2003 Euro	2002 Euro
<i>Assets</i>		
Denominated in Euro . . . . .	10,478,163,230	3,909,293,827
Denominated in other currencies . . . . .	721,741,377	507,371,106
Total assets . . . . .	11,199,904,607	4,416,664,933
<i>Liabilities</i>		
Denominated in Euro . . . . .	10,478,194,033	3,908,643,658
Denominated in other currencies . . . . .	721,710,574	508,021,275
Total liabilities . . . . .	11,199,904,607	4,416,664,933

## 19. Directors' emoluments

	2003 Euro	2002 Euro
Emoluments for services as a director (including fees). . . . .	104,749	104,618
Salaries and other emoluments . . . . .	420,729	429,064
	525,478	533,880

## 20. Pension scheme

The company operates a defined contribution pension scheme. The funds attributable to the scheme are administered by trustees and are independent from the company's finances. The company's contributions are charged against profits in the year in which the contributions are made.

## 21. Derivative and other financial instruments

The bank has established policies for the management and control of risks associated with its business activities. Risk exists primarily from movements in interest rates, the value of securities (market risk), from the failure of counterparties to meet the terms of their obligations (credit risk), liquidity risk, and foreign exchange movements.

Risk policies, including limits, reporting lines and control procedures are reviewed regularly by the Audit and Credit Review Committee and the Board of Directors.

### Trading derivatives

The bank undertakes trading activities in futures contracts. All trading activity is conducted within risk limits approved by the Board. Systems are in place which measure risks and profitability associated with derivative trading positions as market movements occur.

In respect of interest rate and equity contracts, underlying principal amounts are used to express the volume of these transactions but the amounts potentially subject to credit risk are much smaller. Replacement cost provides a better indication of the exposures facing the bank. Replacement cost is the gross cost of replacing all contracts that have a positive fair value, without giving effect to offsetting positions with the same counterparty.

	2003 Euro	2002 Euro
<i>Underlying principal amount</i>		
Interest rate contracts . . . . .	1,600,000,000	—
Equity contracts . . . . .	8,979,300	—
	<u>1,608,979,300</u>	<u>—</u>
<i>Replacement cost</i>		
Interest rate contracts . . . . .	365,713	—
Equity contracts . . . . .	125,400	—
	<u>491,113</u>	<u>—</u>

All exchange traded transactions are with financial institutions and have a maturity of less than one year.

	2003 Euro	2002 Euro
<i>Analysis of dealing profits/(losses):</i>		
Trading bonds . . . . .	(8,760)	4,304,244
Futures . . . . .	1,832,791	(253,660)
Foreign exchange . . . . .	9,317	192,836
	<u>1,833,348</u>	<u>4,243,420</u>

### Non-trading derivatives

Money market, foreign exchange and derivative instruments are utilised to a limited extent for trading purposes but principally serve as a funding and hedging tool. The bank primarily enters into derivative transactions as part of an “Asset Swap Package” or to alter the risk profile of a long term loan. The interest payment side of all Asset Swaps match exactly in interest profile with that of the bonds or loans they are used to hedge. The following table represents the underlying principal amounts and fair values by class of instrument at 31 December 2003 and 31 December 2002.

#### Non-trading derivatives

31 December 2003

	Notional principal amount Euro	Year end positive fair value Euro	Year end negative fair value Euro	Year end book value Euro
<i>Interest rate derivatives</i>				
Single currency swaps . . . . .	13,992,452,682	20,776,005	(368,216,475)	6,335,792
<i>Credit derivatives</i>				
Credit default swaps . . . . .	265,000,000	331,061	—	126,500
<i>Foreign exchange derivatives</i>				
Cross currency swaps . . . . .	89,505,800	—	(37,039,797)	101,529
Forward foreign exchange . . . . .	137,743,734	—	(5,265,859)	(138,284)
<i>Options</i>				
Swap option . . . . .	63,140,000	—	(63,000,000)	63,140,000

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## Non-trading derivatives

31 December 2002

	Notional principal amount Euro	Year end positive fair value Euro	Year end negative fair value Euro	Year end book value Euro
<i>Interest rate derivatives</i>				
Single currency swaps . . . . .	<u>3,601,347,817</u>	<u>3,391,660</u>	<u>(274,543,685)</u>	<u>3,723,437</u>
<i>Foreign exchange derivatives</i>				
Cross currency swaps . . . . .	<u>107,796,152</u>	<u>—</u>	<u>(38,882,651)</u>	<u>141,482</u>

### (A) Interest Rate Risk

The bank invests in securities with fixed and floating interest rates, many of which have short term (less than six month) rollovers. Any change to the interest rates relevant for particular securities may result in either income increasing or decreasing or the bank being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of securities held.

In general if interest rates rise the income potential of the company also rises but the value of fixed rate securities will decline. A decline in interest rates will in general have the opposite effect.

### (B) Market Risk

The bank manages the market risk in its trading book portfolio through the use of value at risk (VaR) limits. The VaR of a trading book is the maximum expected profit/loss that will arise on the trading book over a specific period of time from an adverse market movement within a specific confidence level.

At 31 December 2003 the VaR was calculated at a 99% confidence interval (double tail) within a one day holding period. Assuming a 99% confidence level and a one day holding period the VaR of the bank's trading portfolio at 31 December 2003 was a potential profit/loss of Euro 477,802.

At 31 December 2002 the VaR was calculated assuming a 95% confidence level and a five day holding period. The VaR of the bank's trading book at 31 December 2002 was 0.05% resulting in a maximum potential loss of Euro 215,605.

The bank is satisfied that the package of measures it uses to manage the market risk in its trading book is an effective means of controlling that risk. It recognises that all measures of market risk, when considered in isolation, have limitations. The main limitations of the VaR figures discussed above are as follows:-

- The historical data on which the calculations have been based may not reflect all the factors currently relevant to the estimation of VaR, give the correct weighting to these factors, be the best estimate of risk factor changes that may occur in the future or include sufficient data points.
- A one day time horizon does not fully capture the market price risk of positions that cannot be closed off in one day.
- Focusing on losses that only occur 99% of the time excludes smaller losses that occur more frequently or that the size of the losses in excess of the VaR that are expected to be incurred 1% of the time.

For this reason, a range of other controls supplement VaR limits.

### (C) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument or a derivative financial instrument will not adhere to the terms of the contract with the bank when settlement becomes due.

The bank's credit exposure has been determined in accordance with internal and group credit guidelines, which apply a conservative methodology to determine potential counterparty exposure. Credit risk is managed, assessed and measured in strict accordance with the bank's risk management policies and is reported to the Audit and Credit Review Committee.

The bank has no significant concentration of exposures to any one counterparty other than to its ultimate parent, UniCredito Italiano S.p.A.

*(D) Liquidity Risk*

Liquidity risk is the risk that the bank will have insufficient funds to meet its liabilities as they fall due. There are internal and external limits imposed to ensure that adequate liquidity is maintained at all times to meet the obligations of the bank and these are monitored on a daily basis.

*(E) Foreign Currency Risk*

Foreign exchange risk arises from open positions in foreign currencies. The most significant sources of foreign exchange risk faced by the bank arise from the trading of foreign currencies on the spot and forward markets. The bank does not engage in speculative foreign exchange trading and closely manages its overall foreign currency exposure.

*(F) Fair Values of Financial Assets and Financial Liabilities*

The bank has estimated fair value wherever possible using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by the bank.

	2003 Book Value Euro	2003 Fair Value Euro
<i>Financial Instruments</i>		
Securities – Banking Book . . . . .	5,860,784,365	6,170,581,068
Securities – Trading Book . . . . .	390,609,717	390,609,717
	<u>6,251,394,082</u>	<u>6,561,190,785</u>
	2003 Book Value Euro	2003 Fair Value Euro
<i>Debt securities in issue</i>		
Bonds and medium term notes . . . . .	1,263,249,272	1,272,788,748
Other debt securities. . . . .	554,894,076	554,894,076
	<u>1,818,143,348</u>	<u>1,827,682,824</u>

With the exception of the items referred to above, the fair values of the bank's assets and liabilities are not considered to be materially different to their carrying value, as they are of a short term nature and are repriced frequently.

	2002 Book Value Euro	2002 Fair Value Euro
<i>Financial Instruments</i>		
Securities – Banking Book . . . . .	1,556,025,699	1,842,300,853
Securities – Trading Book . . . . .	233,838,579	233,838,579
	<u>1,789,864,278</u>	<u>2,076,139,432</u>

*(G) Interest rate repricing table*

The following tables summarise the repricing mismatches on the Bank's non-trading book as at 31 December 2003 and 31 December 2002.

Items have been allocated to time bands by reference to the earlier of the next contractual interest rate repricing and maturity date before taking account of the effect of the related off balance sheet items. The effect of the latter is disclosed as a single line item in the table.



## 21. Derivative and other financial instruments continued

### (H) Interest Rate Sensitivity Gap

	Not more than three months Euro	Over three months but not more than six months Euro	Over six months but not more than one year Euro	Over one year but not more than five years Euro	Over five years Euro	Non interest bearing Euro	Total Euro
<i>Assets</i>							
Cash at Central banks . . . . .	25,093,833	0	0	0	0	0	25,093,833
Loans and advances to banks . . . . .	4,192,930,690	332,205,305	0	0	0	0	4,525,135,995
Loans and advances to customers . . . . .	271,149,792	3,000,000	0	0	0	0	274,149,792
Debt securities (Banking Book) . . . . .	4,064,529,427	285,238,709	85,481,480	205,942,402	1,219,592,347	0	5,860,784,365
Tangible fixed assets . . . . .	0	0	0	0	0	1,979,557	1,979,557
Pre-payments and accrued income . . . . .	0	0	0	0	0	122,151,348	122,151,348
Total Assets excluding Trading Book . . . . .	8,553,703,742	620,444,014	85,481,480	205,942,402	1,219,592,347	124,130,905	10,809,294,890
Trading Book — debt securities . . . . .							390,609,717
Total Assets . . . . .							11,199,904,607
<i>Liabilities</i>							
Deposits by banks . . . . .	7,970,016,595	485,317,500	0	0	0	0	8,455,334,095
Customer accounts . . . . .	116,787,393	0	0	0	0	0	116,787,393
Debt securities in issue . . . . .	504,264,622	35,629,454	15,000,000	1,263,249,272	0	0	1,818,143,348
Other liabilities . . . . .	0	0	0	0	0	82,735,336	82,735,336
Deferred taxation . . . . .	0	0	0	0	0	540,000	540,000
Accruals and deferred income . . . . .	0	0	0	0	0	39,984,664	39,984,664
Proposed dividend . . . . .	0	0	0	0	0	51,000,000	51,000,000
Called up share capital . . . . .	0	0	0	0	0	113,884,221	113,884,221
Other reserves . . . . .	0	0	0	0	0	119,808,949	119,808,949
Profit and loss account . . . . .	0	0	0	0	0	11,076,884	11,076,884
Total Liabilities excluding funding for Trading Book . . . . .	8,591,068,610	520,946,954	15,000,000	1,263,249,272	0	419,030,054	10,809,294,890
Trading Book Funding . . . . .							390,609,717
Total Liabilities . . . . .							11,199,904,607
Off Balance Sheet Items . . . . .	477,186,397	(410,516,030)	43,542,773	1,095,234,068	(1,205,447,208)	0	0
Net Interest Rate Sensitivity Gap . . . . .	439,821,529	(311,018,970)	114,024,253	37,927,198	14,145,139	(294,899,149)	0
Cumulative Gap . . . . .	439,821,529	128,802,559	242,826,812	280,754,010	294,899,149		
<i>Comprising:</i>							
EUR . . . . .	442,315,371	131,296,401	245,320,654	283,247,852	297,035,972		
USD . . . . .	(2,493,842)	(2,493,842)	(2,493,842)	(2,493,842)	(2,136,823)		
GBP . . . . .	0	0	0	0	0		
Total . . . . .	439,821,529	128,802,559	242,826,812	280,754,010	294,899,149		

The above items are allocated to time bands by reference to the next repricing date.

## 21. Derivative and other financial instruments — year ended 31st December, 2002

### (H) Interest Rate Sensitivity Gap

	Not more than three months Euro	Over three months but not more than six months Euro	Over six months but not more than one year Euro	Over one year but not more than five years Euro	Over five years Euro	Non interest bearing Euro	Total Euro
<i>Assets</i>							
Cash at Central banks . . . . .	9,968,474	0	0	0	0	0	9,968,474
Loans and advances to banks . . . . .	2,264,578,246	275,500,000	0	0	0	0	2,540,078,246
Loans and advances to customers . . . . .	38,824,512	90,695	0	0	0	0	38,915,207
Debt securities (Banking Book) . . . . .	660,484,277	10,158,242	0	34,535,616	850,847,564	0	1,556,025,699
Tangible fixed assets . . . . .	0	0	0	0	0	1,049,555	1,049,555
Pre-payments and accrued income . . . . .	0	0	0	0	0	36,789,173	36,789,173
Total Assets excluding Trading Book . . . . .	2,973,855,509	285,748,937	0	34,535,616	850,847,564	37,838,728	4,182,826,354
Trading Book — debt securities . . . . .							233,838,579
Total Assets . . . . .							4,416,664,933
<i>Liabilities</i>							
Deposits by banks . . . . .	3,565,908,571	15,000,000	0	0	0	0	3,580,908,571
Customer accounts . . . . .	233,163,048	0	0	0	0	0	233,163,048
Other liabilities . . . . .	0	0	0	0	0	3,422,194	3,422,194
Accruals and deferred income . . . . .	0	0	0	0	0	21,112,077	21,112,077
Proposed dividend . . . . .	0	0	0	0	0	30,052,045	30,052,045
Called up share capital . . . . .	0	0	0	0	0	133,250,140	133,250,140
Other reserves . . . . .	0	0	0	0	0	171,580,087	171,580,087
Profit and loss account . . . . .	0	0	0	0	0	9,338,192	9,338,192
Total Liabilities excluding funding for Trading Book . . . . .	3,799,071,619	15,000,000	0	0	0	368,754,735	4,182,826,354
Trading Book Funding . . . . .							233,838,579
Total Liabilities . . . . .							4,416,664,933
Off Balance Sheet Items . . . . .	1,005,977,368	(247,000,000)	0	(34,535,616)	(724,441,752)	0	0
Net Interest Rate Sensitivity Gap . . . . .	180,761,258	23,748,937	0	0	126,405,812	(330,916,007)	0
Cumulative Gap . . . . .	180,761,258	204,510,195	204,510,195	204,510,195	330,916,007		
Comprising:							
EUR . . . . .	180,911,944	204,660,881	204,660,881	204,651,731	330,916,007		
USD . . . . .	(141,536)	(141,536)	(141,536)	(141,536)	0		
GBP . . . . .	(9,150)	(9,150)	(9,150)	0	0		
Total . . . . .	180,761,258	204,510,195	204,510,195	204,510,195	330,916,007		

The above items are allocated to time bands by reference to the next repricing date.

(I) *Unrecognised Gains/Losses on Derivative Hedges*

Gains and losses on swaps used for hedging are recognised in line with the underlying transactions being hedged. The table below summarises the unrecognised gains and losses on hedges at 31 December 2003 and the movements therein during the year, and the deferred gains and losses on hedges carried forward on the balance sheet at 31 December 2003, pending their recognition in the profit and loss account.

	Gains Euro	Losses Euro	Net Euro
<b>As at 1 January 2003</b> . . . . .	3,391,660	(320,682,916)	(317,291,256)
Gains and losses arising in previous years that were recognised in the year ending 31 December 2003 . . . . .	<u>3,391,660</u>	<u>(734,128)</u>	<u>2,657,532</u>
Gains and losses arising before 1 January 2003 that were not recognised in the year ended 31 December 2003. . . . .	—	(319,948,788)	(319,948,788)
Gains and losses arising in the year ended 31 December 2003 that were not recognised in that year . . . . .	<u>20,776,005</u>	<u>(84,732,153)</u>	<u>(63,956,148)</u>
	Gains Euro	Losses Euro	Net Euro
<b>As at 31 December 2003</b> . . . . .	20,776,005	(404,680,941)	(383,904,936)
Of which:			
Gains and losses expected to be recognised in the year ended 31 December 2004 . . . . .	<u>573,087</u>	<u>(3,146,678)</u>	<u>(2,573,591)</u>

## 22. Parent undertakings

The company is a wholly-owned subsidiary of UniCredito Italiano S.p.A., which is incorporated in Italy. Consolidated accounts as at 31st December, 2003 will be prepared by UniCredito Italiano S.p.A. which incorporate the results of their subsidiary companies. The group accounts of UniCredito Italiano S.p.A. are available for inspection at Piazza Cordusio, 20123 Milan, Italy.

## 23. Related party transactions

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard Number 8, “Related Party Disclosures”, on the basis that the consolidated financial statements of UniCredito Italiano S.p.A. in which the company is included are publicly available as referred to above.

## 24. Cash flow statement

Financial Reporting Standard Number 1, “Cash Flow Statements”, exempts subsidiary undertakings from the requirements to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking’s results are included. The company has availed of this exemption.

## 25. Directors' and secretary's shareholdings

The beneficial interests, including family interests, of the directors and secretary of UniCredito Italiano Bank (Ireland) plc in office at 31st December 2003 in the shares of UniCredito Italiano S.p.A. at 1 January 2003 (or date of appointment if later) and at 31 December 2003 were:

	At 1st January, 2003 UniCredito Italiano S.p.A. Ordinary Shares	At 31st December, 2003 UniCredito Italiano S.p.A. Ordinary Shares
Directors:		
B. J. Hillery . . . . .	—	—
L. Parrilla . . . . .	18,353	16,841
F. Schepes . . . . .	19,603	20,107
S. Bazzoni . . . . .	2,500	2,500
P. Braccioni . . . . .	10,000	10,000
E. Hanly . . . . .	—	—
G. Lombardi . . . . .	—	—
D. McCabe . . . . .	—	—
M. J. Meagher . . . . .	—	—
S. Natale . . . . .	—	1,841
Secretary:		
HMP Secretarial Ltd. . . . .	—	—

### Share options granted to directors

Options to subscribe for ordinary shares in UniCredito Italiano S.p.A. are as follows:

	Options at 1 January 2003	Options granted since 1st January, 2003	Options exercised since 1st January, 2003	Options at 31st December, 2003
Directors:				
L. Parrilla . . . . .	80,000	60,000	—	140,000
P. Braccioni . . . . .	220,000	—	—	220,000
S. Natale . . . . .	—	250,000	—	250,000

## 26. Segmental Analysis

The banks income and assets are entirely attributable to activities carried out in Ireland.

## 27. Commitments

	2003 Euro	2002 Euro
Undrawn credit facilities with a maturity		
– of less than one year . . . . .	—	—
– of between one and five years . . . . .	22,500,000	10,000,000
– of more than five years . . . . .	483,149	952,171
	<u>22,983,149</u>	<u>10,952,171</u>
Deals traded for value after year end . . . . .	441,526,291	154,694,551
	<u>464,509,440</u>	<u>165,646,722</u>

## 28. Approval of financial statements

The directors approved the financial statements on 25th February, 2004.

# UNICREDITO ITALIANO BANK (IRELAND) p.l.c.

## Unaudited Financial Statements as at and for the Six Months Ended 30th June, 2004

### BALANCE SHEET

(amounts in €)

	30th June, 2004	30th June, 2003
<b>Assets</b>		
Cash at Central Bank and other banks . . . . .	84,287,040	30,312,092
Loans and advances to banks . . . . .	6,820,974,694	3,027,756,274
Loans and advances to customers . . . . .	332,619,463	43,310,754
Debt securities . . . . .	7,740,557,903	4,226,820,927
Tangible fixed assets . . . . .	1,865,983	1,960,926
Prepayments and accrued income . . . . .	119,935,661	52,520,898
<b>Total assets</b> . . . . .	<u>15,100,240,744</u>	<u>7,382,681,871</u>
<b>Liabilities</b>		
Deposits by banks . . . . .	5,029,345,766	5,187,699,923
Customer accounts . . . . .	88,232,861	438,159,925
Debt securities in issue . . . . .	8,932,755,337	1,050,000,000
Other liabilities . . . . .	76,674,296	2,811,478
Deferred taxation . . . . .	675,000	–
Accruals and deferred income . . . . .	60,272,434	38,801,533
Proposed dividend . . . . .	–	–
	<u>14,187,955,694</u>	<u>6,717,472,859</u>
Called up share capital . . . . .	117,587,665	123,861,235
Other reserves . . . . .	753,418,666	510,418,666
Profit and loss account . . . . .	41,278,719	30,929,111
<b>Equity shareholders' funds</b> . . . . .	<u>912,285,050</u>	<u>665,209,012</u>
<b>Total liabilities</b> . . . . .	<u>15,100,240,744</u>	<u>7,382,681,871</u>
<b>MEMORANDUM ITEMS</b>		
Commitments . . . . .	<u>286,773,861</u>	<u>1,398,505,553</u>

## PROFIT AND LOSS ACCOUNT

(amounts in €)

	30th June, 2004	30th June, 2003
<b>Interest receivable</b>		
Interest receivable and similar income arising from debt securities . . . . .	89,130,189	47,457,387
Other interest receivable and similar income . . . . .	77,186,851	42,620,234
<b>Interest payable and similar charges</b> . . . . .	(134,838,662)	(65,361,926)
<b>Net interest income</b> . . . . .	31,478,378	24,715,695
<b>Other income</b>		
Fees and commissions receivable. . . . .	557,604	715,654
Fees and commissions payable. . . . .	(719,343)	(490,039)
Dealing (losses)/profits . . . . .	(71,969)	1,185,399
Other operating income. . . . .	5,033,412	470,434
Operating Income . . . . .	36,278,082	26,597,143
<b>Operating expenses</b>		
Administrative expenses . . . . .	(2,314,117)	(2,046,565)
Depreciation . . . . .	(256,371)	(160,668)
Other operating charges . . . . .	—	—
<b>Profit on ordinary activities before taxation</b> . . . . .	33,707,594	24,389,910
Taxation . . . . .	(3,505,759)	(2,798,991)
<b>Profit on ordinary activities after taxation</b> . . . . .	30,201,835	21,590,919
Proposed dividend . . . . .	—	—
Retained profit for the period . . . . .	30,201,835	21,590,919
Retained profit brought forward. . . . .	11,076,884	9,338,192
<b>Retained profit carried forward</b> . . . . .	41,278,719	30,929,111
<b>Statement of total recognised gains and losses</b>		
Retained profit. . . . .	30,201,835	21,590,919
Exchange adjustment . . . . .	3,703,445	(9,388,904)
<b>Total recognised gains and losses for the period</b> . . . . .	33,905,280	12,202,015

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**THE ISSUERS**

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