



**Strengthening a Key Market:  
Merger Between UniCredit and Capitalia**

21 May 2007

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# AGENDA

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- 1. Main Transaction Highlights**
2. Strategic Rationale
3. Business Model and Corporate Governance
4. Value Creation and Compelling Financial Case
5. Closing Remarks

# STRONG STRATEGIC RATIONALE

## A Unique Opportunity to Consolidate in Italy...

- Consolidating positioning in a banking market with very attractive outlook, combined 16% market share based on customer loans
- Complementary retail network, over 5,000 branches in Italy
  - A thorough national distribution network with limited expected overlap
  - Strengthening the retail penetration in areas currently underweighted and with high growth potential
  - Combining strongly recognised brands (UniCredit Banca, Banca di Roma, Banco di Sicilia)
- Enhancing domestic stance in attractive segments (e.g. consumer credit, leasing, factoring and asset gathering) while increasing scale in global businesses (e.g. asset management and investment banking)

## ...While Maintaining a Pan-European Profile

- A strengthened Pan-European bank with well-balanced geographic distribution...
  - 4 core markets (Italy, Germany, Austria and CEE)
  - More than 50% of combined revenues still originated outside Italy
- ...coupled with a highly diversified business mix:
  - Significant exposure to retail banking
  - “Add-ons” in global businesses: MIB and PB&AM
  - Strengthened Corporate business

# SIGNIFICANT VALUE CREATION PROVIDING FOR ENHANCED GROWTH WITH LIMITED EXECUTION RISK

## Value Creation...

- Approx. €1.2bn pre-tax synergies by 2010
  - Approx. €0.8bn from cost savings: 68% of total synergies equal to 10% and 25% of combined and SmallCo costs<sup>(1)</sup>
  - Approx. €0.4bn from revenue enhancement: 32% of total synergies equal to 3% and 7% of combined and SmallCo revenues<sup>(1)</sup>
- One-off costs of ~€1.1bn: ~135% of cost savings, provisioned in 2007 and in 2008
- NPV of net synergies of €7bn, equal to 39% of Capitalia's market capitalisation<sup>(2)</sup>

## ...EPS Accretive...

- EPS CAGR '07-'09E<sup>(3)</sup>: 17% vs a 14% stand-alone for both UniCredit and Capitalia and 11% of main peers<sup>(4)</sup>
- EPS<sup>(3)</sup> accretive for UniCredit's shareholders from 2009 onwards and for Capitalia's shareholders from the outset...
- ...with further potential in 2010 arising from fully phased synergies
- DPS progressively growing in the next years

## ...And Limited Risk

- Value creation and EPS growth mainly cost driven
- Limited execution risk due to friendly transaction nature, clear governance, similar business models and proven integration track record with no disruption to HVB integration
- Confirmed Core Tier I ratio at 6.8% by 2008 post restructuring costs, HVB / BA-CA squeeze-outs as well as sale of Mediobanca stake in excess of 9.39%...
- ...with a strong future capital generation and further enhancement from disposal of UniCredit stake in Generali at exchangeable expiry date

(1) SmallCo means Capitalia as smaller partner in the merger. Cost and revenue synergies as a percentage of revenues and costs relative only to Italian operations

(2) Based on pre-leakage prices as of 8 May 2007

(3) Estimates for UniCredit and Capitalia based on brokers' consensus from Reuters. EPS pre allocation of transaction goodwill

(4) RBS, Barclays, HBoS, Santander, BBVA, BNP Paribas, Société Générale, Crédit Agricole and ISP, based on brokers' consensus from Reuters

# MAIN TRANSACTION TERMS

## Transaction Description

- Transaction approved by both Boards and to be implemented via merger of Capitalia into UniCredit
- Conditions: EGSMs' and regulatory authorities' (Bank of Italy, Antitrust and ISVAP) approvals
- Key milestones: legally effective by October '07, following EGSMs' approval envisaged by July '07

## Merger Terms

- 1.12 UniCredit new ordinary shares for each Capitalia ordinary share, implying pre-leakage premia<sup>(1)</sup> to Capitalia's shareholders of:
  - 23.5% on spot price
  - 24.4% on 3-month average price
  - 25.9% on 12-month average price
- Implied offer price for Capitalia of €8.46 per share<sup>(2)</sup>
- Combined market capitalisation of €96.7bn<sup>(2)</sup>

## Clear Corporate Governance and Business Model

- Legal seat from Genoa to Rome
- Well diversified shareholders base and clear corporate governance
- One tier board with 4 representatives of Capitalia to be co-opted in UniCredit Board (comprising 23 members), upon the approval of the merger by shareholders
- Enhancement of UniCredit's divisional model via integration of Capitalia activities
- Creation of three retail banks in Italy with clear regional responsibilities leveraging on strong local roots
- Product factories' combination leveraging on single IT & Operations

Note: Prices from FactSet

(1) Based on pre-leakage prices, as of 8 May 2007. Premia calculated on the basis of UniCredit price as of 8 May 2007

(2) Based on pre-leakage prices as of 8 May 2007

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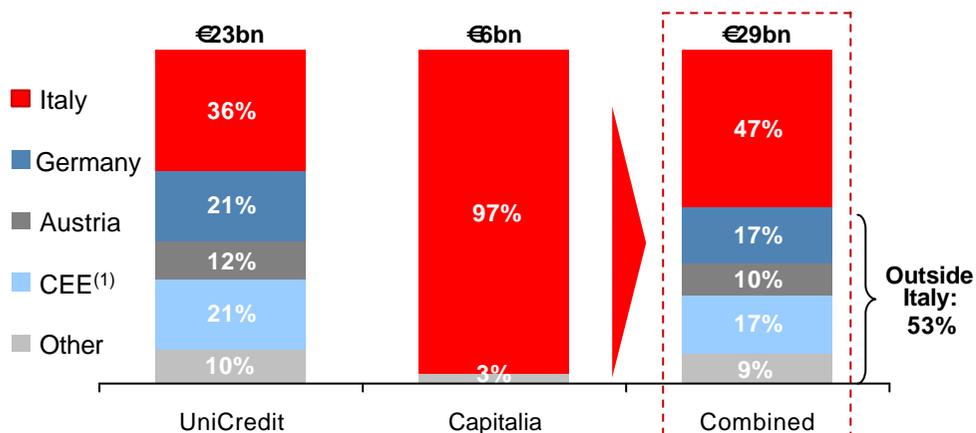
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# WELL BALANCED GEOGRAPHIC MIX: ENHANCED FOOTPRINT IN ITALY WITHIN A STRONG PAN-EUROPEAN PROFILE

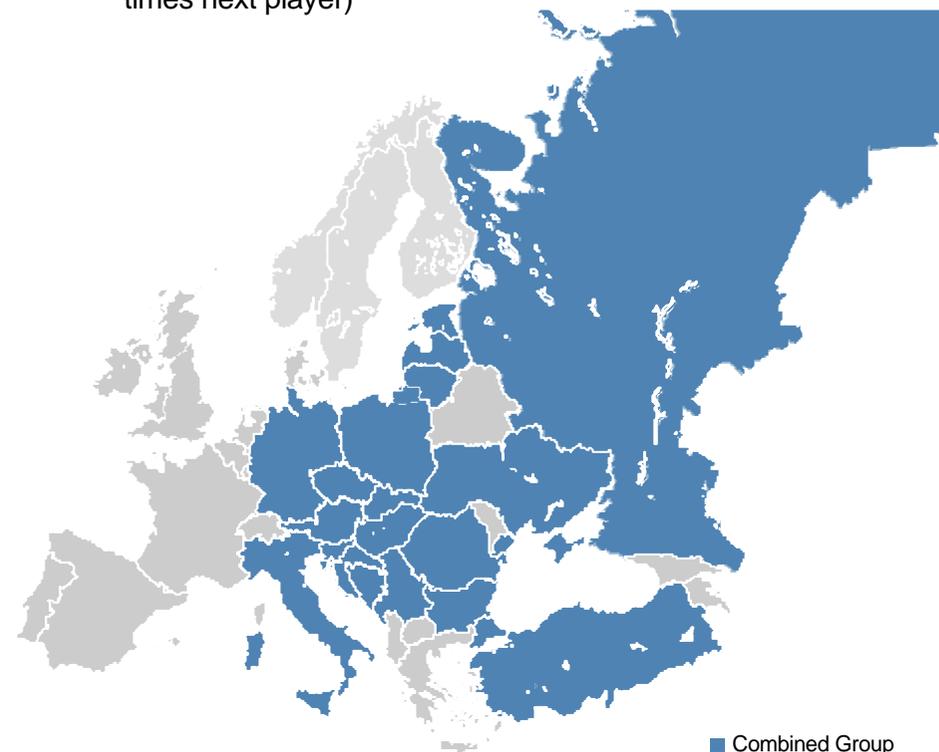
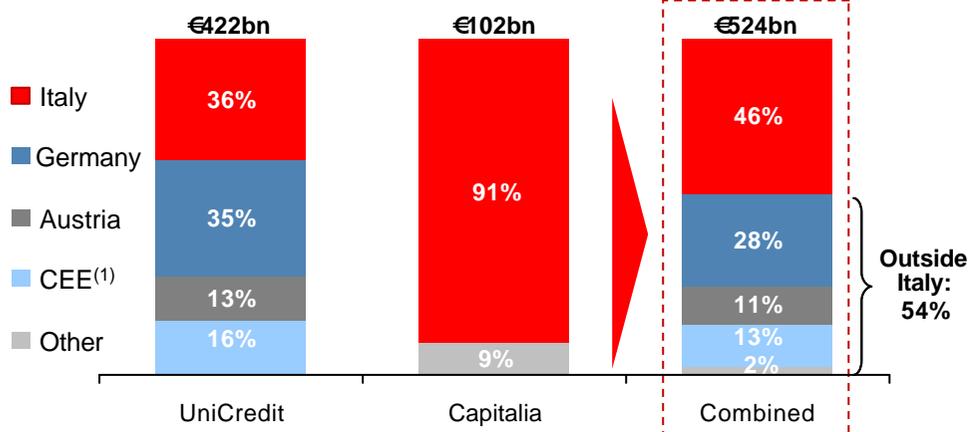
## Revenues



## More than 50% of Revenues and RWA Outside Italy<sup>(2)</sup>

- Italy: #2 / MS 15.8%
- Germany: #3 / MS 4.6%
- Austria: #1 / MS 18.8%
- CEE: Undisputed leader with presence in 17 countries (2 times next player)

## Risk Weighted Assets



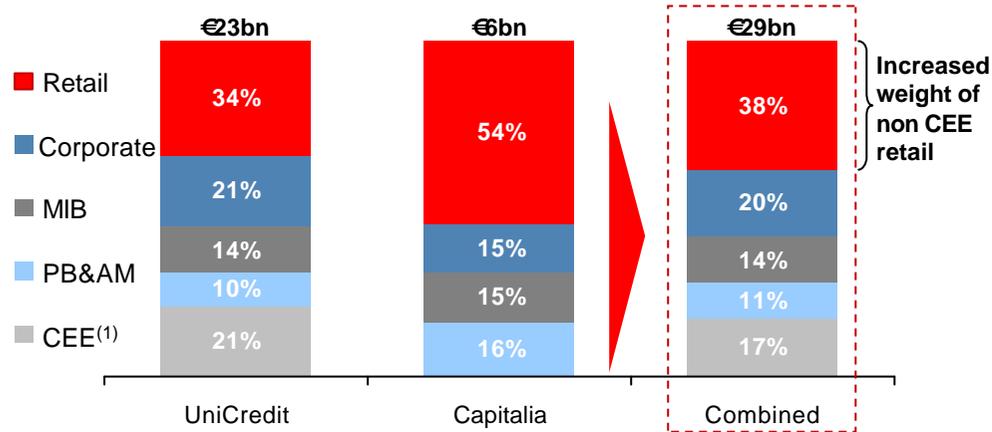
Note: Data as of 31 December 2006

(1) Including Poland

(2) Ranking and market share by total loans

# ENHANCED BUSINESS MIX WITH INCREASED EXPOSURE TO RETAIL

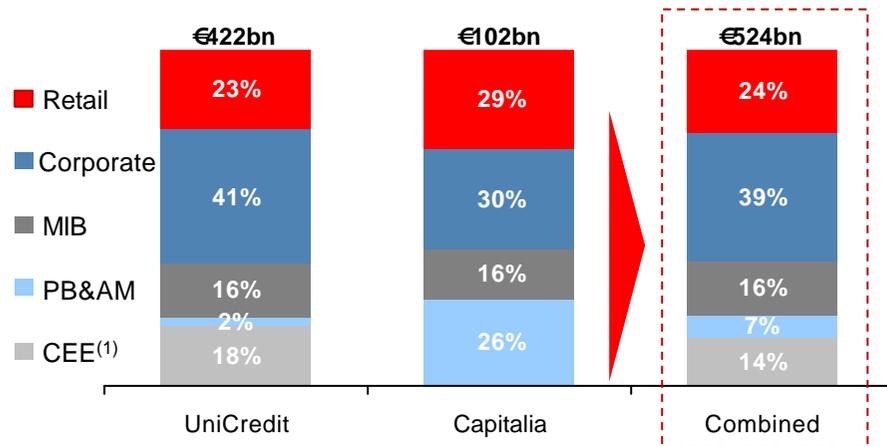
## Revenues



## Highly Diversified Business Mix

- Enhanced exposure to retail business
  - 38% of combined revenues
  - Significantly strengthened in Italy
- Relevant “add-ons” in global business
  - MIB representing 14% of combined revenues
  - PB&AM representing 11% of combined revenues
- Strengthened Corporate businesses
  - Increased scale accounting for 20% of combined revenues

## Risk Weighted Assets

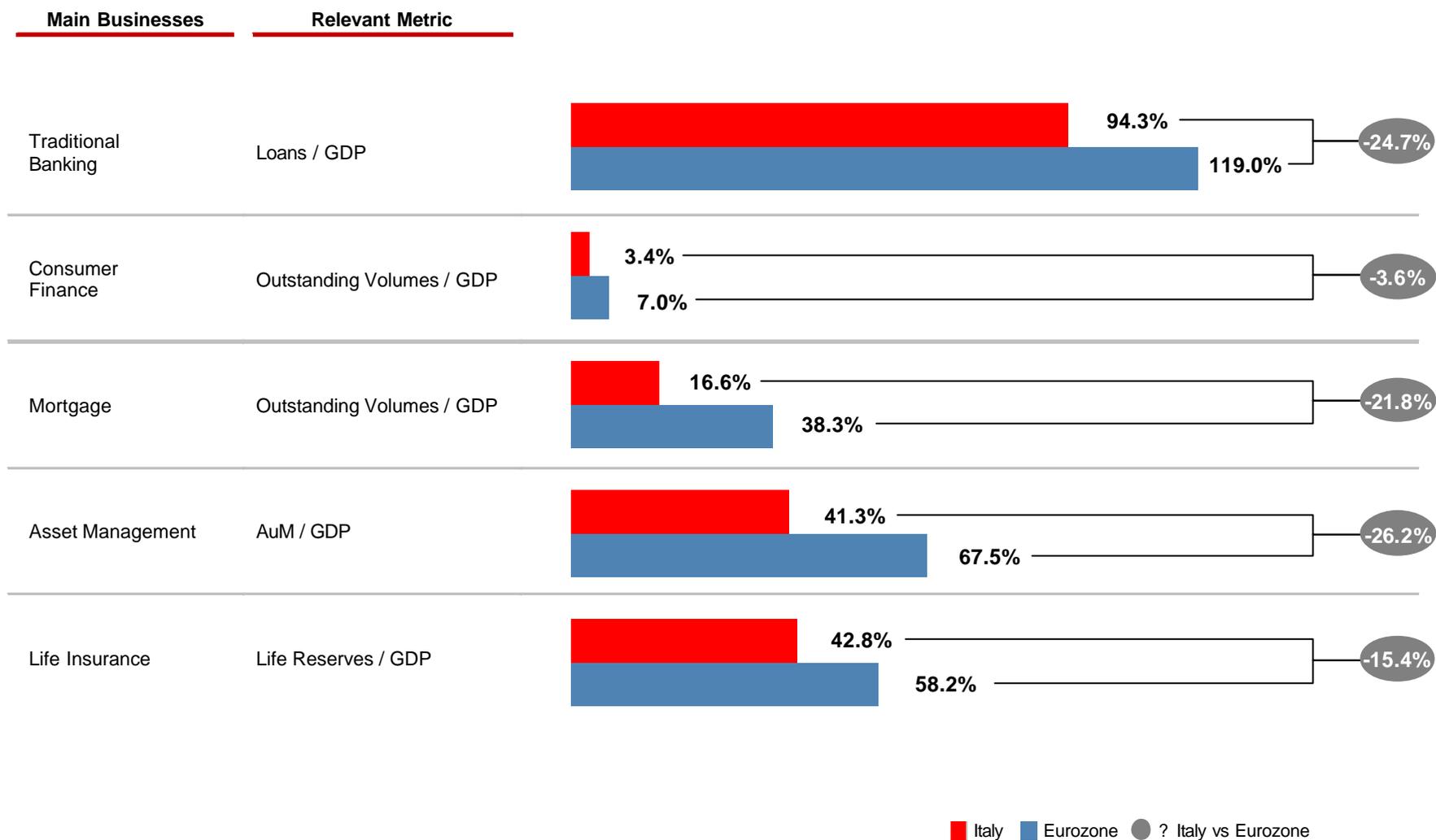


Note: Data as of 31 December 2006. Allocation to business unites excluding Global Banking Services and Corporate Centre.

Based on UniCredit and Capitalia respective classifications which may slightly differ

(1) Including Poland

# ITALY: A CORE MARKET WITH HIGH GROWTH POTENTIAL



Source: Internal analysis. Data as of December 2006

# STRONG COMBINED POSITIONING IN MAIN SEGMENTS AND DISTRIBUTION CHANNELS IN ITALY

Business (Metrics)	Market share		Ranking			
			UniCredit	Capitalia	Combined	
Traditional Banking (Customer Loans)	10.1%	5.7%	15.8%	#2	#3	#2
Asset Management (AuM)	13.0%	3.6%	16.6%	#2	#8	#2
Bancassurance (New Premia)	11.8%	6.5%	18.3%	#3	#6	#2
Consumer Credit (Inflows)	6.4%	1.1%	7.5%	#4	#21	#4
Leasing (Outstanding)	13.4%	7.2%	20.6%	#2	#4	#1
Factoring (Turnover)	6.3%	5.7%	11.9%	#4	#5	#4
Branch Network (# of Branches)	9.3%	6.2%	15.5%	#2	#4	#2
Financial Advisors (# PFAs)	6.3%	3.8%	10.1%	#5	#7	#5

■ UniCredit    ■ Capitalia

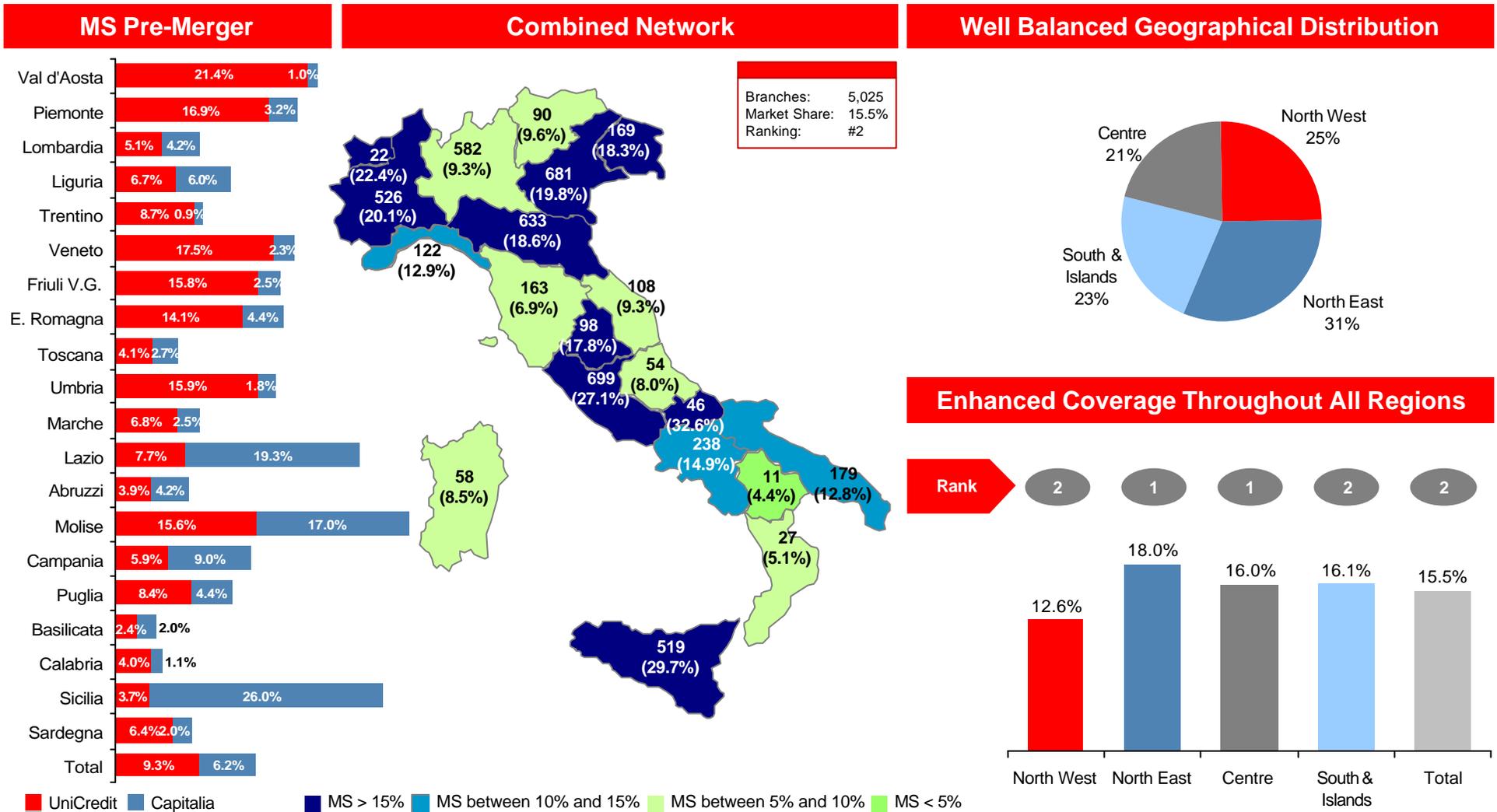
#2 / 19.3%  
MS in  
Salary  
Guaranteed  
Loans<sup>(1)</sup>

Sources: Annual reports 2006. Banca d'Italia, IAMA, Assogestioni, Assilea, Assifact, Assofin and Assoreti.

Market shares as of December 2006 except for Factoring as of September 2006

(1) Cessione del quinto

# A COMPLEMENTARY NETWORK WITH STILL ROOM TO GROW



Strengthening combined presence in all regions with limited expected overlap

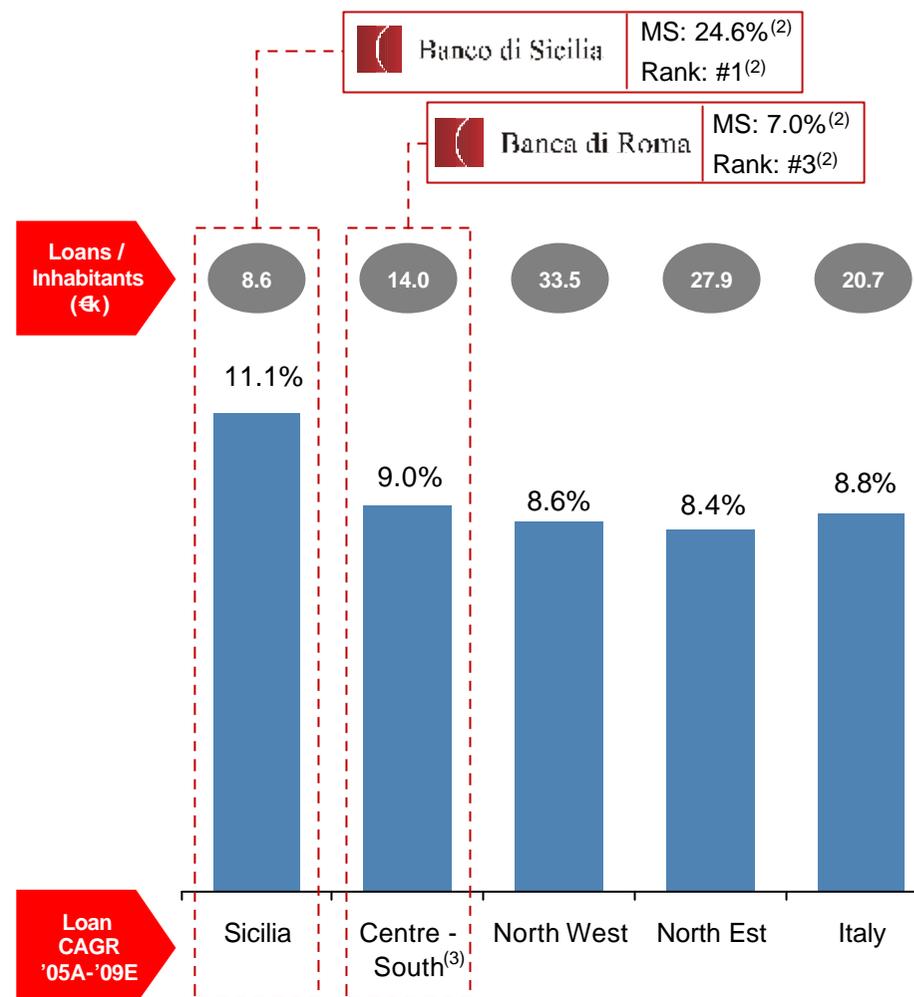
Source: Annual reports 2006. Banca d'Italia

# CENTRE-SOUTH ITALY AND ISLANDS: A GROWTH OPPORTUNITY LEVERAGING ON STRONGLY RECOGNISED BRANDS

## Top 10 Italian Regions by Expected Growth

	Loan CAGR '05A-'09E <sup>(1)</sup>	Loan / Inhabitant (€) <sup>(1)</sup>	Combined Rank / MS
✓ Campania	12.5%	9.2	#2 / 14.9%
✓ Abruzzo - Molise	12.2%	3.3	#3 / 12.3%
✓ Sicilia	11.1%	8.6	#1 / 29.7%
✓ Puglia	10.4%	8.7	#2 / 12.8%
Liguria	9.8%	15.4	#4 / 12.7%
Friuli	9.2%	23.0	#1 / 18.3%
✓ Umbria	9.2%	18.5	#2 / 17.8%
Lombardia	9.0%	42.4	#3 / 9.3%
✓ Sardegna	8.9%	11.0	#3 / 8.5%
✓ Toscana	8.8%	25.2	#4 / 6.9%
✓ Centre-South and Islands			

## Breakdown by Macro Area



(1) Source: Companies' estimates based on Prometeia's data (*Previsione dei Bilanci Bancari*, May 2007)  
 (2) Rank and market share on a stand-alone basis  
 (3) Including Sardegna

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# CAPITALIA ACTIVITIES INTEGRATED INTO UNICREDIT BUSINESS MODEL, STRENGTHENING ITALIAN RETAIL COMMERCIAL EFFECTIVENESS WITH THREE RETAIL BANKS WITH SPECIFIC REGIONAL RESPONSIBILITIES

UniCredit Group Divisional Structure							
Divisions	Retail	Corporate & SMEs	Private & AM	MB	CEE	Poland	GBS
Regional Entities							
Germany							
Austria							
Italy							



**Enhanced Divisional Structure in Italy**

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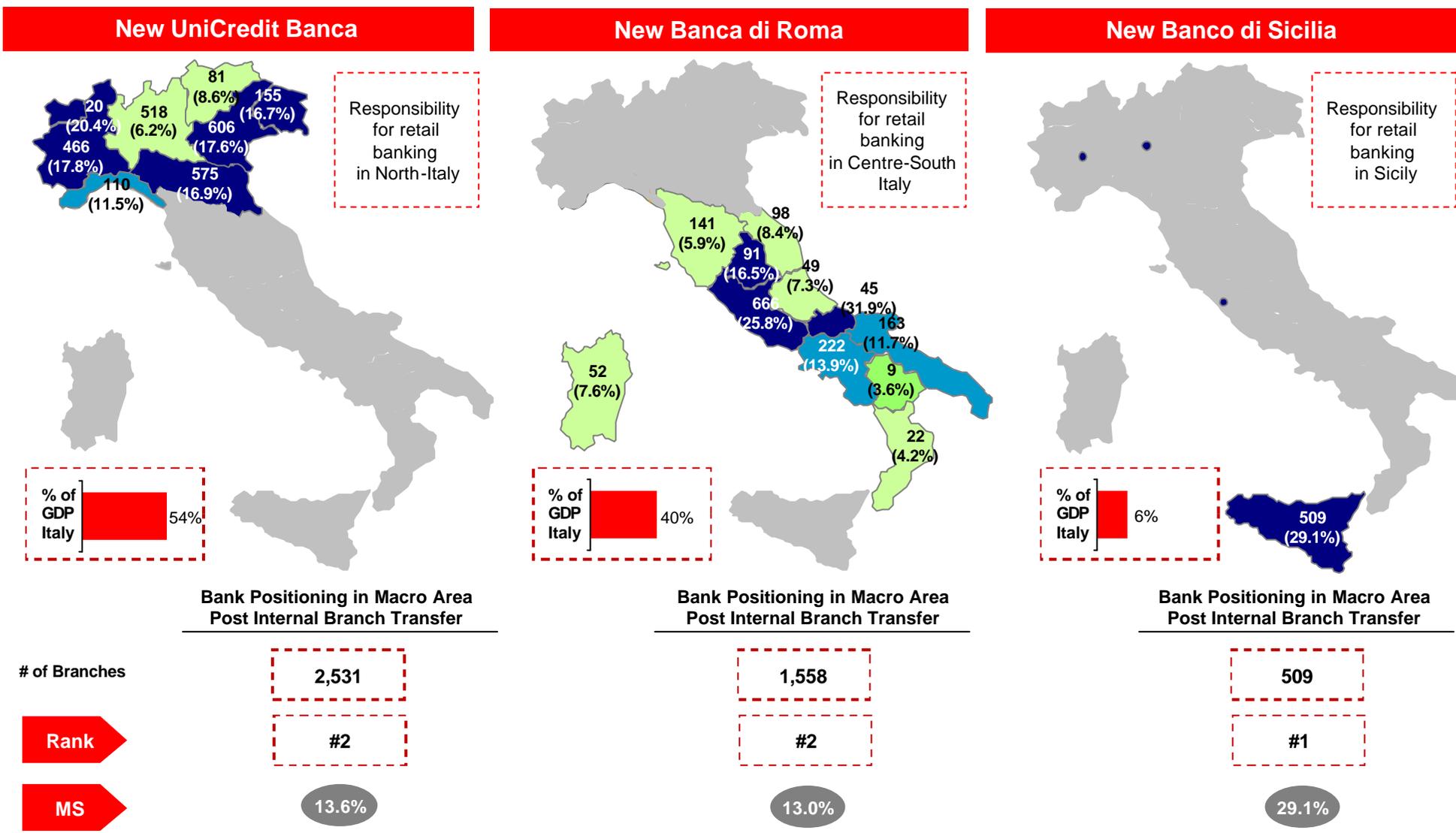
**Leveraging on highly specialised competencies and local strengths to maximise efficiency and growth potential**

Retail	Corporate & SMEs	Private & AM	Markets & Investment Banking	Global Banking Services
 <b>Bologna</b>	 <b>Verona</b>	 <b>Turin</b>	<b>MCC Enti</b> <b>Rome</b>	 <b>Milan</b>
 <b>Rome</b>		 <b>Milan</b>		 <b>Rome</b>
 <b>Palermo</b>		 <b>Milan</b>		

**Three efficient regional retail banks under a single leadership of the retail division: UniCredit Banca in the North, Banca di Roma in the Centre-South and Banco di Sicilia in Sicily**

Note: Chart including only main companies subject to re-organization

# GROUP RETAIL REGIONAL BANKS' POSITIONING ENHANCED BY INTERNAL BRANCH TRANSFERS POST MERGER



● Branches in selected cities ■ MS > 15% ■ MS between 10% and 15% ■ MS between 5% and 10% ■ MS < 5%

Source: Banca d'Italia (data as of December 2006), companies' data as of 31 December 2006 and ISTAT (data as of December 2005)  
 Note: Market shares calculated based on number of branches per macro regions  
 Total number of branches excluding UniCredit Banca per la Casa (16), Clarima network (14), UniCredit Corporate (248) and UniCredit Private (149). Bipop-Carire branches (327) allocated to 3 regional networks accordingly with regional responsibilities



# INTEGRATION OF CAPITALIA'S ENTITIES IN UNICREDIT DIVISIONAL MODEL BASED ON BEST PRACTICE SHARING

## Envisaged Actions

### Retail Banking

- Adoption of regional distribution structure based on 3 retail banks with strong local roots: UniCredit Banca in North Italy, Banca di Roma in Centre-South and Banco di Sicilia in Sicily (5,025 branches in Italy with 15.5% market share)<sup>(1)</sup>
- Enhancement of distribution network via internal branch transfer accordingly with regional responsibility among UniCredit Banca, Banca di Roma and Banco di Sicilia and integration of Bipop-Carire in UniCredit Banca

### Specific Retail Businesses

- Further add-ons in consumer credit (in particular SGL<sup>(2)</sup>), credit cards and mortgage with the transfer of the business currently managed by Fineco Bank to UniCredit's specialised factories (#4 in consumer credit with 8% MS / leader in mortgage with 24% market share on a combined base)

### Corporate & SMEs

- Nationwide corporate banking network in Italy via concentration of combined business under UniCredit Banca d'Impresa
- Significant strengthening of leasing / factoring businesses via contribution of MCC operations into Locat and UniCredit Factoring (#1 and #4 with combined market share of 20.6% and 11.9% respectively)

### Markets & Investment Banking

- Capitalia Holding and MCC investment banking business to be transferred to UniCredit's specialised platform held under MIB (combined revenues of €4.1bn, 14% of total)
- MCC to become the group reference company for the public entities lending, with a view towards fully exploiting the specialised competences developed in this area

Note: Data for Consumer Credit and Factoring from Assofin and Assifact respectively

(1) Source: Bank of Italy (December 2006)

(2) Salary guaranteed loans ("cessione del quinto")

# INTEGRATION OF CAPITALIA'S ENTITIES IN UNICREDIT DIVISIONAL MODEL BASED ON BEST PRACTICE SHARING (CONT'D)

## Envisaged Actions

### Asset Management

- Leveraging on Pioneer global brand recognition and scale, Capitalia asset management subsidiaries to be integrated into PGAM (combined €280bn<sup>(1)</sup> AuM, of which €156bn in Italy)

### Private Banking

- Private banking business combined under UniCredit Private Banking, thus further enhancing its national network
- Fineco Bank to become the group reference company in asset gathering, leveraging on its leading position in the Italian market (combined 3,034 PFAs and €25.9bn Total Financial Assets in Italy)
- Fineco Bank to maintain furthermore responsibility for trading on-line, an area where it holds an undisputed market leading position

### Global Banking Services

- Capitalia's information technology and back-office operations to be integrated in UniCredit's responsible entities, UGIS and UPA
- Transfer of UPA's HQs to Rome with a view towards facilitating the integration of the domestic business, while also leveraging UPA's employees in Lombardy to expand the branch network in the area

Note: Data for Asset Management and Asset Gathering from Assogestioni and Assoreti respectively  
(1) Including Pioneer Austria

## A SMOOTH PLATFORM INTEGRATION



Similar business models of UniCredit and Capitalia providing for “fast-track” integration process

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“Plug-in” of Capitalia within UniCredit’s divisional architecture leveraging on single IT & Operations platform

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Transactions not disruptive for Pan-European operations as exclusively concentrated on business reorganization in Italy

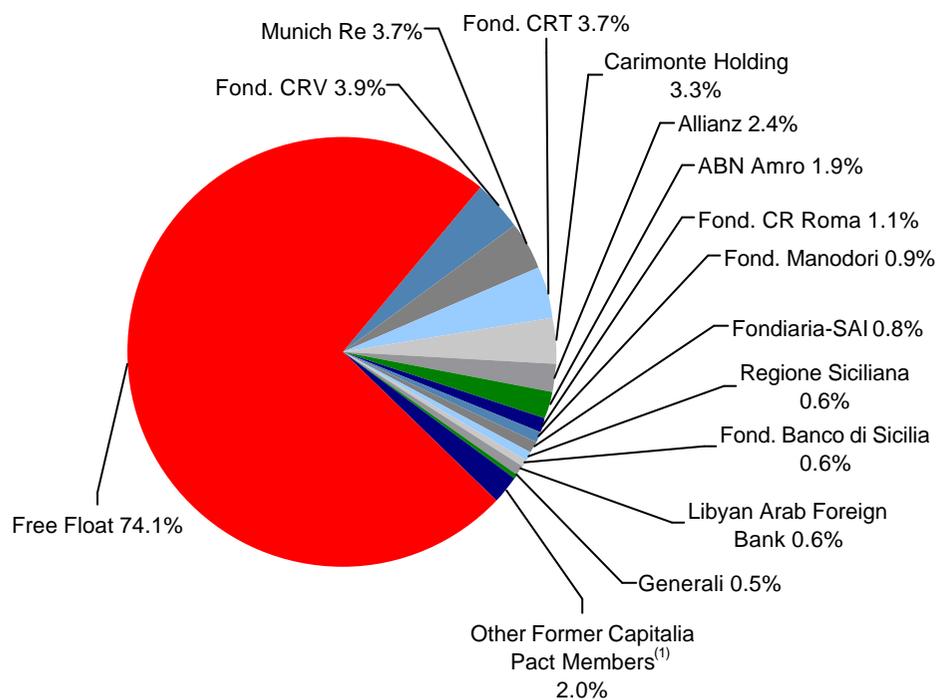
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Unchanged banking model, enhanced by segmentation (retail, private and corporate) and regional accountability based on strong local roots (North, Centre-South and Sicily)

# WELL DIVERSIFIED SHAREHOLDERS BASE AND CLEAR CORPORATE GOVERNANCE

## Pro-Forma Shareholders' Base



## Key Corporate Governance Features

- Legal seat in Rome and head-office in Milan
- Governance based on UniCredit's Articles of Association
- 4 Capitalia representatives to be co-opted for in UniCredit's BoD (out of 23 members), upon shareholders' merger approval
  - Mr. Geronzi to be appointed as First Deputy Chairman, responsible for the equity stakes in Mediobanca, Generali, RCS and Pirelli, and to chair the Executive Committee of BoD
  - In case of termination of office of any of the members prior to term, replacement to be indicated to the Nomination Committee by the Deputy Chairman
  - Mr. Geronzi to resign should he accept an office in a different bank and be replaced by Mr. Libonati, who will be appointed as Deputy Chairman although not with the same features
- 4 directors of UniCredit to be appointed at the same time in Capitalia's BoD
- 40% of the directors of Banca di Roma, Banco di Sicilia, Fineco Bank and MCC to be indicated by the Deputy Chairman, among former directors of such companies or relevant representatives of local economic communities

Source: Companies' information

(1) Excluding Fondazione Banco di Sicilia and Generali, shown separately

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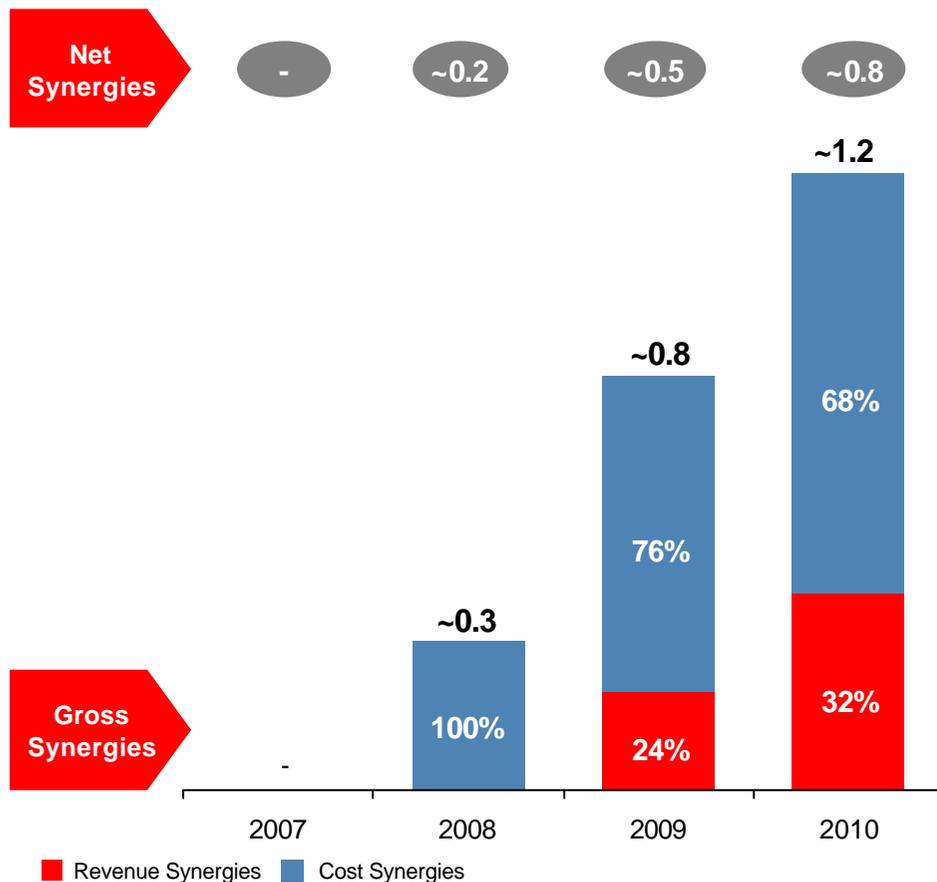
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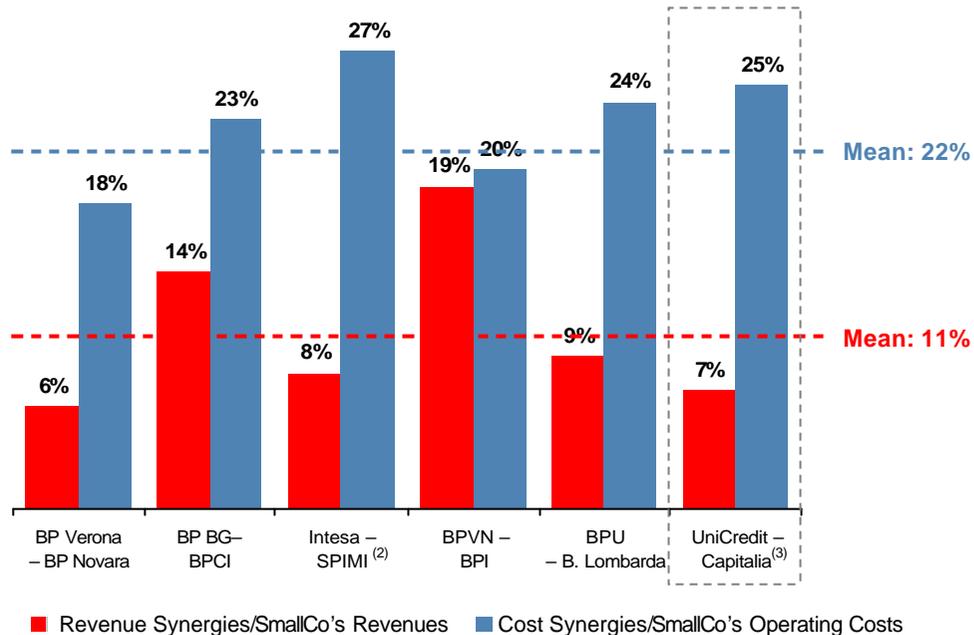
# APPROX. €1.2BN GROSS SYNERGIES GENERATION BY 2010, MAINLY FROM COST SAVINGS (~68% OF TOTAL)

## Gross/Net Synergies (€bn)



**NPV of Net Synergies: €7bn, 39% of Capitalia Market Cap.<sup>(4)</sup>**

## In Line With Most Recent Domestic Transactions<sup>(1)</sup>



## Approx. €1.1bn Restructuring Costs

- ~€1.1bn, ~135% of cost savings vs 140% of most recent domestic transactions
- Provisioned in 2007 and 2008

(1) Source: M&A Monitor, Datastream, press releases and investor relations  
 (2) For Intesa Sanpaolo as revised in the latest Business Plan (16 April 2007)  
 (3) Calculated considering for UniCredit Italian operations only  
 (4) NPV of post-tax synergies, net of restructuring costs. Market capitalization based on pre-leakage prices, as of 8 May 2007

## CLEAR COST SYNERGIES DRIVERS

		<u>As % of cost synergies</u>
<b>IT and Back-office</b>	<ul style="list-style-type: none"> <li>■ Roll-out of GBS across the whole new Group</li> <li>■ Single IT system in Italy by end of 2008</li> <li>■ Integration of back-office/data centres</li> </ul>	~45%
<b>Central Functions</b>	<ul style="list-style-type: none"> <li>■ Adoption of UniCredit divisional model with light regional HQs</li> <li>■ No duplicated functions</li> <li>■ Centralized procurement and real estate management</li> </ul>	~20%
<b>Product Factories</b>	<ul style="list-style-type: none"> <li>■ Single competence centres and alignment to best performer in:               <ul style="list-style-type: none"> <li>✓ Asset management / gathering</li> <li>✓ Consumer credit and mortgages</li> <li>✓ Investment banking</li> <li>✓ Leasing</li> </ul> </li> </ul>	~20%
<b>Networks</b>	<ul style="list-style-type: none"> <li>■ Branch network reorganization in Italy and foreign countries</li> <li>■ Alignment to best practice</li> </ul>	~15%

# INITIAL EVIDENCE HIGHLIGHTING THE REVENUE SYNERGIES POTENTIAL

## Revenue Synergies Drivers - For illustrative purposes, Not Exhaustive

### Retail and Private Banking<sup>(1)</sup>

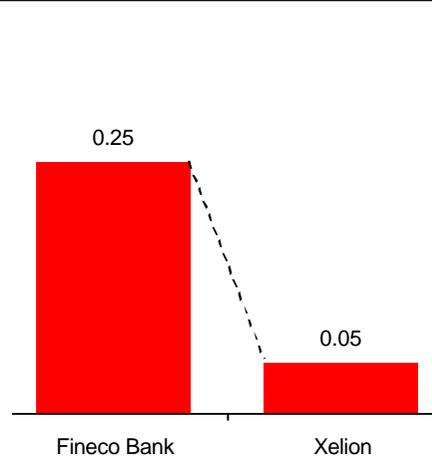
- Aligning productivity and commercial effectiveness in the assets and liability management of consumers and producer-households

### Asset Gathering & Asset Management

- Increasing profitability through enhanced pricing policy and product mix of mutual funds

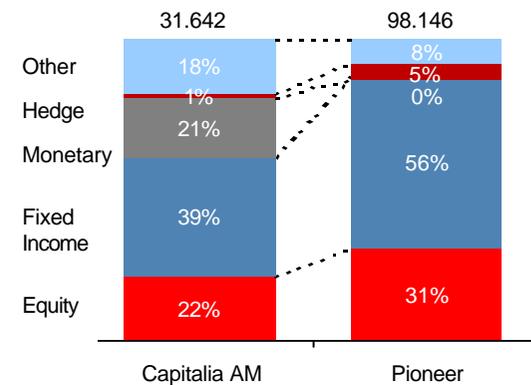
- Consumer Finance & Mortgages:** new consumer lending per employee €0.06mIn Capitalia vs €0.14mIn UniCredit<sup>(2)</sup>. Commercial focus on revolving cards and mortgages through Capitalia's networks
- Small Business:** development in Capitalia's networks through a specialized service model
- Direct Deposits per employee:** ~€1.5mIn Capitalia vs ~€2.1mIn UniCredit; gap partially explained by regional differences in wealth distribution
- AuM/(AuM+AuC):** 39% Capitalia vs 52% UniCredit<sup>(3)</sup>; bridging opportunities paving the way for a long term revenue stream

Tot. Revenues/Financial Agents (€mIn)



Product Mix

Mutual Funds (€mIn)<sup>(4)</sup>



Source: Annual Reports, Assogestioni, Assoreti and internal analysis

(1) For direct deposits and AuM/(AuM+AuC) only

(2) Including Banca di Roma, Banco di Sicilia, BiPop-Carire and Fineco Bank for Capitalia, UniCredit Banca and Clarima for UniCredit

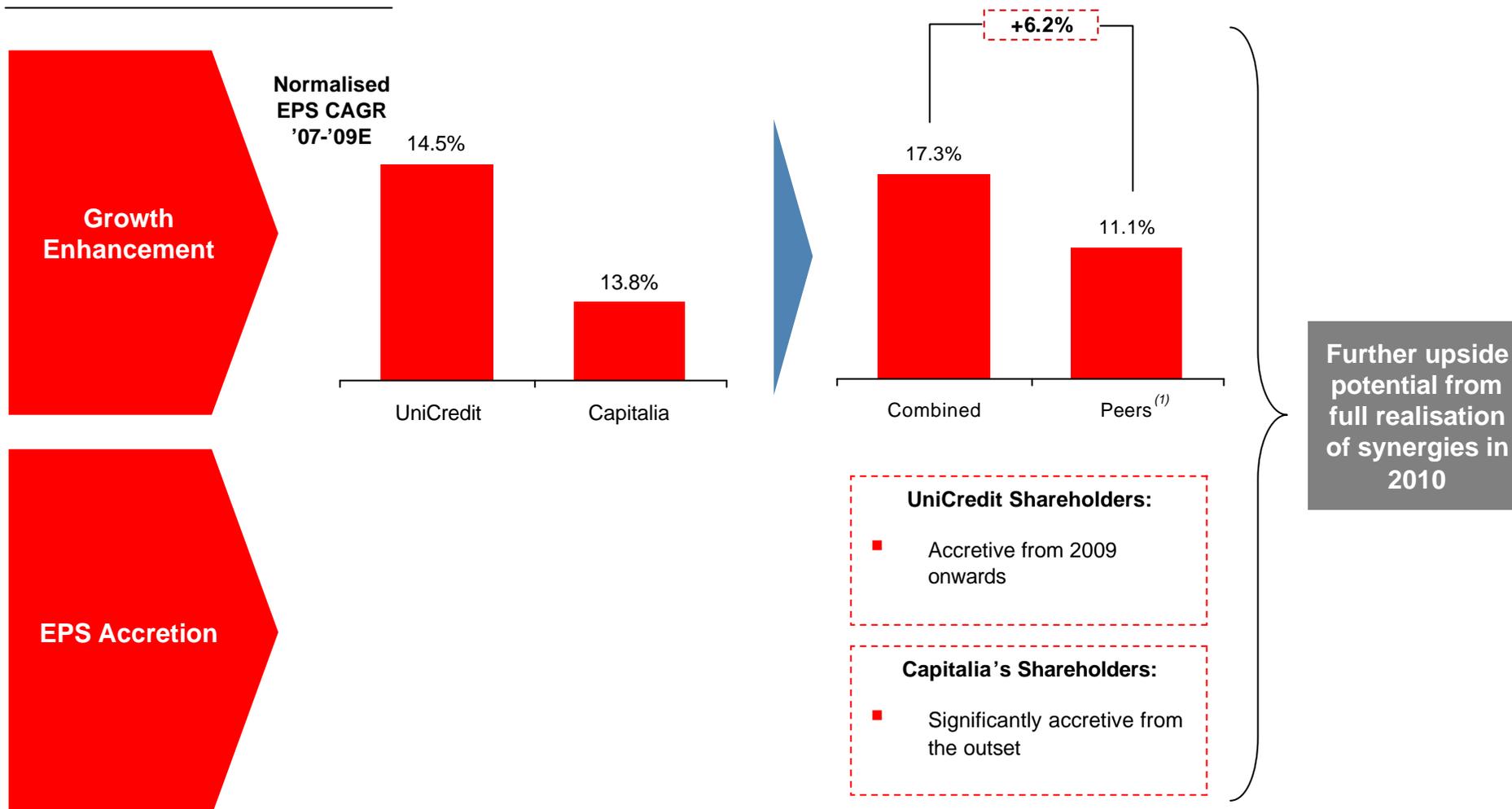
(3) Italian operations only for UniCredit; Banca di Roma and UCI Lux not included given the massive presence in both

companies of Assets under Custody related to Institutions and holding companies

(4) Assogestioni estimator

# DELIVERING ENHANCED GROWTH TO SHAREHOLDERS, WITH FURTHER UPSIDE IN 2010

DATA BASED ON CONSENSUS



Note: Data based on brokers' consensus from Reuters, assuming €1.2/€0.8bn of pre-tax/post-tax target synergies (full achievement in 2010), €1.1bn pre-tax restructuring charges fully expensed to P&L in 2007 (but with fiscal benefits also in 2008). EPS pre allocation of transaction goodwill  
 (1) RBS, Barclays, HBoS, Santander, BBVA, BNP Paribas, Société Générale, Crédit Agricole and ISP, based on Reuters consensus

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## STRENGTHENING A KEY MARKET: MERGER BETWEEN UNICREDIT AND CAPITALIA

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 Unique opportunity to strengthen domestic footprint and create the largest Eurozone bank by market cap.

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 Complementary branch networks leveraging on highly recognised local brands

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 Balanced geographic distribution and enhanced business mix with increased focus on retail

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 Significant value creation mostly deriving from cost synergies, further bolstering the existing sizeable growth potential

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 Limited execution risk due to friendly transaction nature, clear corporate governance, similar business models and proven integration track record

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 No disruption to integration of Pan-European operations

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