

## ATTACHMENT

### **Moody's reviews Unicredito Italiano for downgrade, Capitalia for upgrade Rating actions follow announcement of proposed merger between the two banking groups**

Milan, May 21, 2007 -- Moody's Investors Service today placed on review for possible downgrade the Aa2 long-term deposit rating and B- financial strength rating (BFSR) of UniCredito Italiano (UniCredito), and placed on review for possible upgrade the A1 long-term deposit rating and C- BFSR of Capitalia SpA. These rating actions follow the announcement of the proposed agreed merger between the two banking groups.

Moody's said its review will focus on the strategy to be adopted by the combined group as well as its overall financial fundamentals and the integration challenges involved in the merger. The merger of UniCredito and Capitalia firmly establishes the group as the second largest player in Italian banking, with a domestic market share of loans and deposits of around 16% and strong nationwide coverage. While the integration of Capitalia into UniCredito is likely to prove complex, Moody's noted the latter's strong track record in this respect.

Capitalia's financial fundamentals are generally more modest than those of UniCredito Italiano, particularly with respect to profitability, cost efficiency and asset quality. Moody's will consider these factors, and the extent to which they are likely to improve following the proposed merger, when reviewing UniCredito's BFSR for possible downgrade and that of Capitalia for possible upgrade.

Moody's believes that the combined group's market share will be not only substantial but also sustainable. In addition, despite some deterioration in the financial fundamentals for UniCredito, these are still likely to prove sound following the merger. Furthermore, given the group's increased importance, on both a European and an Italian basis, in Moody's view the likelihood of systemic support for the group will remain very high. In view of these considerations, the rating agency stated that any downgrade of either the BFSR or long-term deposit ratings of UniCredito is unlikely to be greater than one notch.

The review for possible upgrade of Capitalia's ratings is driven by the expectation of improvements resulting from its merger with a higher-rated entity. Following a period of adjustment during which Capitalia will face some key challenges relating to its transition to a new information system, new senior management and new policies and procedures, which may lead to an increase in operating risks due to the associated uncertainties, Moody's expects the bank to benefit from integrating with a stronger and larger entity. In addition, the integration and implementation risks should be limited by the adoption of the stronger bank's management, business model and IT systems, as well as by UniCredito's good track record in integrating its acquisitions. In commenting on Capitalia's long-term deposit and debt ratings, the rating agency also noted that the combination with UniCredito will reinforce the probability of systemic support for Capitalia. At the time of its incorporation into UniCredito, Capitalia's ratings will be withdrawn.

The deposit and debt ratings of numerous subsidiaries of the UniCredito Italiano group benefit from the expectation of support from UniCredito Italiano. However, a one-notch downgrade of UniCredito's ratings would not be sufficient to impact the ratings of these subsidiaries, and as a result these have been affirmed.

These subsidiaries are listed below. The Aa3 issuer rating of Locat, UniCredito Italiano's leasing subsidiary, has been placed on review for possible downgrade. This reflects the close integration of Locat within the group, and the high expectation of parental support built into this rating.

The deposit and debt ratings of Capitalia's rated domestic subsidiaries (Banca di Roma, Banco di Sicilia, Bipop and MCC) -- which benefit from the expectation of support from their current parent -- are also placed on review for possible upgrade, as they should benefit from support from a higher-rated parent once the operation is effective. Moody's has today affirmed these banks' BFSRs at their current levels as it may take some time for the possible benefits from their belonging to a higher-rated group and the changes in their business profiles to have a positive impact on their stand-alone business and financial fundamentals. (Banca di Roma and Banco di Sicilia will become the group's retail banks covering Central and Southern Italy and Sicily, respectively; MCC will focus on public finance, and Bipop-Carire will be merged by incorporation into Unicredit Banca, the group retail bank covering the North of the country.) The rating agency added that Bipop-Carire's ratings will be withdrawn at the time of its absorption by Unicredit Banca.

The merger is subject to shareholder and regulatory approvals, and the aim is for the transaction to be completed during the third quarter of 2007.

The following ratings were placed on review for possible downgrade:

Unicredito Italiano SpA: long-term debt and deposits at Aa2; subordinated debt at Aa3; junior subordinated debt at Aa3, Tier 3 debt at Aa3; bank financial strength at BUnicredito

Italiano Capital Trust I: preferred stock at A1

Unicredito Italiano Capital Trust II: preferred stock at A1

Unicredito Italiano Capital Trust III: preferred stock at A1

Unicredito Italiano Capital Trust IV: preferred stock at A1

Unicredito Italiano Bank (Ireland) plc: backed long-term senior debt at Aa2

Unicredito Italiano SpA (Paris Branch): long-term deposits at Aa2

Unicredito Italiano SpA (New York Branch): long-term deposits at Aa2

Unicredit Luxembourg Finance SA: backed long-term senior debt at Aa2; backed subordinated debt at Aa3; backed Tier III debt at Aa3

Locat SpA: long-term issuer rating at Aa3

The following ratings were placed on review for possible upgrade:

Capitalia: long-term deposit and debt ratings at A1, BFSR at C-, subordinate at A2, junior subordinated at A2, Tier III at A2

Banca di Roma SpA: long-term deposits at A1

Banco di Sicilia SpA: long-term deposits at A1

MCC SpA: long-term deposits at A2

Bipop-Carire SpA: long-term deposits at A1

The following ratings were affirmed:

Banca di Roma SpA: BFSR at C

Banco di Sicilia SpA: BFSR at C

MCC SpA: BFSR at C

Bipop-Carire SpA: BFSR at C

Bank Austria Creditanstalt: long-term debt and deposits at Aa2; bank financial strength at Bayerische Hypo- und Vereinsbank: long-term debt and deposits at A1; bank financial strength at C

Zagrebacka Banka: long-term deposits at A2; financial strength rating at D+

Zivnostenska Banka: long-term deposits at A2; financial strength rating at D

Bank Polska Kasa Opieki SA: long-term deposits at Aa3; financial strength rating at C

Yapi ve Kredi Bankasi AS: long-term deposits at A3; financial strength rating at D+

UniCredito Italiano is headquartered in Milan, Italy. At 31 December 2006 it had total assets of EUR 823 billion.

Capitalia is headquartered in Rome, Italy. At 31 December 2006 it had total assets of EUR137 billion.

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