

## ALLEGATO

### TESTO INTEGRALE DEL COMUNICATO STAMPA DI STANDARD & POOR'S

#### **Outlook On UniCredito Italiano And Subsidiaries Revised To Stable; Ratings Affirmed**

#### **S&P Revises Outlook On UniCredito Italiano To Stable; Ratings Affirmed**

#### **Rationale**

On Oct. 10, 2006, Standard & Poor's Ratings Services revised its outlook on Italy-based bank UniCredito Italiano SpA (UniCredito) and subsidiary Unicredit Banca d'Impresa SpA (UBI) to stable from negative and affirmed its 'A+' long-term and 'A-1' short-term counterparty credit ratings on both entities. Standard & Poor's also revised to stable from negative its outlook on leasing subsidiary Locat SpA and affirmed its 'A' long-term and 'A-1' short-term counterparty credit ratings on the company.

The outlook revision on UniCredito and its subsidiaries reflects the prospective maintenance of solid business and financial profiles.

The ratings on UniCredito continue to be supported by its strong business and geographic diversification in the group's core markets of Italy, Germany, and Austria; a strategic presence in fast-growing economies in Central and Eastern Europe (CEE); strong management and a clear strategy; and satisfactory profitability of the Italian and CEE businesses. On the other hand, the ratings are constrained by structurally weaker asset quality than peers; the low profitability of the German and Austrian operations; a temporary weakening of consolidated capital ratios after the acquisition of Bayerische Hypo- und Vereinsbank AG (HVB; A/Stable/A-1); and high execution risk in creating a European banking group operating in a variety of regulatory and economic contexts.

The integration of HVB's operations is set to be tight, and based on clear segmentation principles. Management is nevertheless confronted with the challenges related to combining two large, complex banking groups that have distinct cultures and operate in different countries.

Group asset quality compares unfavorably with that of major international peers, as it covers countries with credit risk that is structurally higher than the European average. UniCredito is particularly exposed to the persistently weak German property market. HVB's commercial property loans carry high credit risk stemming from the currently fragile German economy and real estate markets.

UniCredito's profitability is adequate overall, but varies widely between Italy, where domestic operations are highly profitable, and Germany and Austria, where earnings generation is still weak. Profitability is steadily growing in CEE, reflecting positive underlying economic trends. In the context of a favorable market environment, the group's midyear 2006 results (the first ones of the enlarged group) show a significant increase with respect to pro forma midyear –2005 figures, also helped by buoyant trading gains at HVB. Although we don't think this level will be sustainable in the future, we recognize that UniCredito's earnings generation capability is in any case solid, benefiting from wide earnings diversification over a number of

different geographical areas. The weakened post-merger capital ratios are benefiting from exceptional gains deriving from the sale of nonstrategic assets. With a core Tier I capital ratio of only about 6%, there is little flexibility to undertake cash acquisitions without jeopardizing the group's announced capital target.

**Outlook**

The stable outlook reflects Standard & Poor's expectation that UniCredito will be able to maintain a solid business and financial profile. So far, the group is well on track in the implementation of the integration, although still at the early stages.

UniCredito has a clear strategy, which is outlined in the group's 2005-2008 plan presented to investors in July 2006. The plan represents a challenge for management. It is based on a strong turnaround of the German and Austrian retail businesses as well as strong income growth from the remaining businesses. Our current opinion regarding UniCredito does not factor in the full achievement of these targets. A substantial increase in core profitability and capitalization, together with a reinforcement of current asset quality, would position UniCredito for an upgrade.

Standard & Poor's expects credit charges to remain structurally higher than peers'. A material deterioration in credit risk, any need to undertake disproportionately high credit charges linked to HVB's legacy problems, or an inability to turn around the currently unprofitable businesses would put pressure on current ratings.

**Ratings List**

	To	From
UniCredito Italiano SpA UniCredit Banca d'Impresa SpA		
Counterparty credit rating	A+/Stable/A-1	A+/Negative/A-1
Locat SpA		
Counterparty credit rating	A/Stable/A-1	A/Negative/A-1

N.B. This list does not include all ratings affected.

Primary Credit Analyst: Alberto Buffa di Perrero  
 Secondary Credit Analyst: Stefan Best  
 GroupE-MailAddress@standardandpoors.com