PRESS RELEASE

UNICREDIT GROUP: CONSOLIDATED RESULTS FOR FIRST QUARTER 2008 APPROVED

NET PROFIT OF €1 BILLION DESPITE THE DIFFICULT FINANCIAL MARKETS THANKS TO COMMERCIAL BANKING'S SOLID PERFORMANCE AND STRICT COST CONTROL

- **Net Profit attributable to the Group €1,007 million**
- **Good performance of the commercial banking[1] business (net profit: +15% y/y[2]; revenues: +8.4% y/y). Revenues up in CEE (+25% y/y), Retail Italy (+9% y/y) and Corporate (+ 3% y/y)**
- **Revenues for the Markets & Investment Banking Division[3] impacted by the difficult market conditions:**
  - **Revenues of ~€700 million excluding credit related activities in Markets**
  - **The negative result of ~€1 billion, attributable to credit related activities in Markets, includes ABS portfolio write-downs of €642 million**
- **Operating costs (€4,138 million) down by 1.3% y/y on a like-for-like foreign exchange and perimeter basis, despite the investments made in growth, above all in CEE**
- **Asset quality improves: non performing loans down by 7.5% over the end of 2007 and coverage ratio of net impaired loans rises (55.9% at March 2008 compared to 54.5% at December 2007)**
- **Core Tier 1 ~ 5.5% (Basel I), including the impact of the Ukrotsbank acquisition in the Ukraine**
- **Earnings per share at the end of 2008 expected to be in a range of between €0.52 and €0.56; Core Tier 1 at the end of 2008 expected to reach 6%**

In the first quarter of the year the Group's consolidated results were influenced by the adverse conditions of the financial markets. The difficulties faced by the Markets & Investment Banking Division, the hardest hit by the market turmoil were, however, offset by the solid performance of the Group's commercial banking activities which reported good results, confirming the strength of the business model in terms of geographical and sector diversification.

UniCredit's Board of Directors approved the consolidated results for first quarter 2008 which show a **net profit[4]** of €1 billion (bn), down 51% y/y, but rising 15% y/y in commercial banking.

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[1] Retail, CEE Region (CEE and the Poland's Markets Divisions), Corporate, Private

[2] The first quarter 2008 consolidated results are compared y/y with first quarter 2007 "pro-forma" and reflect the merger with the Capitalia Group.

[3] MIB: Markets & Investment Banking

4 The primary changes in the scope of consolidation as of year-end 2007 are attributable to entry of the two Ukrsotsbank Group companies and the 27 minor companies already controlled but not consolidated (20 of the HVB Group and 7 of the BA-CA Group), the exit of Comunication Valley (ex Capitalia Group) and the Czech bank Hypostavebni Sporitelna AS. Compared to

The **operating profit** amounts to €2,311 mn, down 36.5% y/y, though up 4.1% net the MIB Division. The operating result was closely linked to the **total revenues** which came in at €6,449 mn (-16.5% y/y). The market turmoil had a negative impact on both **net trading, hedging and fair value income*,*** down by almost €1.6 bn when compared to 1Q07 (net this negative item the revenues would have been up by 4.1% y/y) and **net commissions** (€2,460 mn, -9.3% y/y)**.**

The weakness of this income component reflects a drop in the commissions from investment services[5] (€1,170 mn, -15.6% y/y). At the end of March 2008, the volumes of the assets managed by the Group's asset management companies were down by 19.6% y/y. When compared to December 31st 2007, the volumes were down by 11.6% due to the persistent negative trend of the international financial markets.

The other commissions (€1,290 mn) were down by 2.6% y/y.

Other net income totaled €134 mn, an increase of 52.3% y/y.

Net interest income rose by +12.0% y/y, mainly attributable to the increase in volumes, both in customer lending (equal to €589 bn, +2.2% over December 07 and +7.1% y/y) and in customer deposits (equal to €393 bn, +0.6% over December 07 and +8.9% y/y).

In terms of divisional results, all the business areas made a significant contribution to the net interest income's positive performance. The Retail and Corporate Divisions, in particular, reported growth of +5.9% and +7.6% y/y respectively; the former due to an increase in margins on deposits and the latter to an increase in lending (+0.7% in the first three months of the year and 8.4% y/y). The CEE and Poland's Market Divisions benefited from their positioning in high growth markets, resulting in increases of +48.7% and +21.1% respectively (the former also benefitted from the consolidation of the newly acquired banks in Ukraine and Kazakhstan, which were not included in 2007).

Operating costs amounted to €4,138 mn and, on a like-for-like foreign exchange and perimeter basis, were down by 1.3% y/y, thanks to a balanced mix of, on the one hand, restructuring and efficiencies and, on the other, initiatives linked to development.

Payroll costs totaled €2,496 mn, down by 3.4% y/y like-for-like[6], due to early leaving incentive plans linked to the integration of the former Capitalia Group, as well as the reduction in the variable compensation linked to MIB's business results. These reductions offset increased costs in Eastern Europe connected to branch expansion and salary increases.

Other administrative expenses – including expense recovery – amounted to €1,325 mn (+2.4% y/y on a like-for-like basis). This result was, once again, due largely to a balanced mix of initiatives linked to development in CEE (opening of branches primarily in Turkey, the Ukraine, Kazakhstan and Russia) and cost containment in the other Divisions.

Amortisation, depreciation and impairment losses on tangible and intangible assets increased 0.7% like-for-like y/y, to €317 mn.

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first quarter 2007, the other significant changes in the perimeter between March and December 2007 refer to the merger by incorporation of Capitalia SpA in UniCredit effective as October 1st, 2007, the entry of three Aton Group companies purchased by BA-CA in July, as well as of the JSC ATF Bank Group purchased by BA-CA in November; consolidation in the fourth quarter of the conduits set up by HVB (BUFCO, Black Forest, Arabella and Salome) and the Euro Immo Profil property fund, consolidated as of December 2007; the exit of LocatRent which Locat sold at the end of August, as well of FMS Bank, sold by HVB at the end of December. The main assets recognized as "Non-current assets and disposal groups classified as held for sale" in the balance sheet at the end of 2007 are those relating to the BPH200 Group and to IRFIS-Mediocredito of Sicilia SpA.

[5] Commissions from management of collective investment funds, segregated accounts, bancassurance and placement of securities.

[6] Like-for-like, i.e. at constant exchange rates and perimeter.

The **cost/income ratio** came in at 64.2% (compared to the 52.9% in the prior year). Net the MIB Division, the Group's cost/income ratio would have been in line with the prior year at 55.7%.

Provisions for risks and charges amounted to €51 mn (- €7 mn y/y).

Net write-downs on loans and provisions for guarantees and commitments in first quarter 2008 totaled €755 mn, an increase of 21.8% y/y, due in part to the underlying cost of risk, as well as the effect of the strong growth in lending in the prior quarters.

The credit figures also show that the increase in write-downs should be interpreted in light of the Group's strict policies designed to contain risk and ensure high asset quality. **Total net impaired loans** (€16.3 bn at the end of March 2008) show, in fact, a significant reduction when compared to the end of 2007 in terms of both amount (-3.9%) and **total loan ratio** (2.76% compared to 2.95% at year-end). This reduction was primarily due to a decrease in **net non performing loans** (-7.5% in the quarter and –17bp when compared to the total), while the **doubtful loans** were basically unchanged (-0.4% and -2bp) and **past dues** increased only slightly as a portion of total loans (2bp), a sign that the increase in risk is, overall, contained and more than offset by the Group's strategy to increase coverage. The **coverage ratio of net impaired loans** increased by more than a percentage point, rising from 54.5% at the end of 2007 to 55.9% in first quarter 2008.

Integration costs, following the Capitalia transaction, reached €24 mn (€16 mn in first quarter 2007).

Profit before tax came in at €1,683 mn, a drop of 48.1% when compared to the €3,241 mn reported in the prior year. Above and beyond the effects of the market crisis described above, this difference was also due to a decline in **investment income** during the year (€202 mn in first quarter 2008, the largest transactions being the disposal of securities services activities of the former Capitalia Group and of the subsidiary Hypo Stavebny in CEE) when compared to €297 reported in the prior year.

Income tax for the period reached €432 mn (€995 mn in first quarter 2007).

Net profit, therefore, came to €1,251 mn (compared to €2,246 mn in 1Q07).

Minorities at the end of March 2008 fell by 15.7% y/y (-€30 mn y/y).

Net profit attributable to the Group in first quarter 2008 fell by 51% y/y to €1 bn, with a negative impact of the Purchase Price Allocation under the Capitalia transaction of €83 mn.

The Group's portion of **net equity** amounted to €57,995 mn (€57,724 mn at the end of December 2007).

The **Core Tier 1 ratio** goes from 5.83% at the end of 2007 to 5.51% at the end of March 2008. This level includes the impact of the Ukrsotsbank acquisition in the Ukraine.

Total Capital Ratio is 9.90% compared to 10.11% at the end of 2007.

At the end of March 2008, the Group's **organization** consisted of a staff[7] of 180,658, an increase compared to the 169,816 heads at December 2007. This total is the result of a combination of different factors: on the one hand, the reduction of more than 2,400 heads, due to outsourcing and the reduction of 1,464 heads in Italy (due primarily to the early leaving incentive plans linked to the integration of the former Capitalia Group); and on the other hand, an increase in resources due to the inclusion of new companies in the perimeter of consolidation, particularly Ukrsotsbank in the Ukraine (+10,740 heads), as well as expansion in Kazakhstan (+396), Turkey (+258) and Russia (+237). Net the acquisition in the Ukraine and the inclusion in the perimeter of consolidation of HVB Leasing and Infotech Austria, the

[7] "*Full time equivalent* ", the figures include the companies consolidated proportionally, such as the KFS Group included at 100%. The increase in resources over December 2007 is due to the inclusion of Ukrsotsbank (10,740 heads at the end of March 2008).

Group's staff would have been down by 602 heads (despite the expansion in the other CEE countries).

The Group's **network** at the end of March 2008 consists of 10,301 branches[8], (9,714 at December 2007, +587 branches).

Attached are the Group's key figures, the consolidated balance sheet, the consolidated income statement, the quarterly income statement and the major divisional results for which certification by the Independent Auditors is not foreseen.

<u>Declaration by the Senior Manager in charge of drawing up Company Accounts</u>
The undersigned, Ranieri de Marchis, in his capacity as the senior manager in charge of drawing up UniCredit SpA's company accounts.

DECLARES

that, pursuant to article 154-BIS, paragraph 2, of the "Consolidated Law on Financial Intermediation", the accounting information contained in this document are provided in conformity against document results, books and accounts records.

Rome, May 8th, 2008

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[8]The figure includes the branches of the companies consolidated proportionally (for example, Koc Financial Services). The increase in the number of branches over year-end 2007 is, in part, linked to the inclusion of Ukrsotsbank (485 branches at the end of March 2008).