



UniCredit S.p.A.

Registered Office: Roma, via Minghetti 17

General Management: Milan, Piazza Cordusio

Registration number in the Rome Trade and Companies Register, tax Code and VAT No. 00348170101

Entered in the Register of Banks

Parent Company of the UniCredito Italiano Banking Group

Banking Group Register No. 3135.1

Member of the Interbank Deposit Protection Fund

Capital Stock: € 6,683,084,257.50 fully paid in



The Art Experience

2007 was a formative year for the bank's international activities in culture. It was a year that saw intense engagement in all the territories in which we operate.

We believe that culture, when viewed as a strategic resource, can bring tremendous value and foster new ideas. These new ideas are fundamental to innovation and sustainable social and economic growth.

In this year's Sustainability Report, we have decided to focus on images of the international events which comprised our work with important partners in art and culture rather than on individual pieces from our collection. Notable among these were events in partnership with the Education Department of the Castello di Rivoli Contemporary Art Museum.

These initiatives involving the broader public in art experiences illustrate the importance UniCredit Group attaches to entertain and promote an active dialogue with the communities in which our Group operates. The large gatherings pictured in this report were held in city squares and museums and involved thousands of people. What you see is a single spontaneously generated expression of thousands of hands united together in a joyful and creative concert.

Contact with international artists and leading facilitators of culture, through diverse languages, styles and techniques, shows how art stimulates the development of relational and cognitive skills and the potential of the individual. Art, above all, generates significant positive energy which can connect people, bridge differences and promote dialogue. It offers an extraordinary repertoire for learning, exploring, experimenting and interpreting the present to build the future.

Art brings people together.

Which is why we say: ART TALKS.



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Letter from the Managing Director/CEO



“ A successful company must continually reflect on whether its business model is appropriate to ensure long-term future growth and financial success. ”

Dear Stakeholders,

Recent turmoil in global markets, its effects on the economy and on people and businesses everywhere, clearly illustrate why sustainability needs to be at the forefront of our thinking. Ultimately banking is not about generating transient short-term profits, but about returning sustainable long-term value to our customers, our employees, the communities, and other stakeholders we depend on.

At UniCredit Group, we have been focusing on sustainability for some considerable time. We know there is still much to be done, but we have made significant progress through 2007 and into early 2008. This report details our progress in this important area.

Naturally, business success, as reflected in profit and shareholder return, is the first priority in a company's efforts to achieve sustainability. Without it, a company is at the mercy of the market and loses

its capacity to shape its own future. A successful company must continually reflect on whether its business model is appropriate to ensure long-term future growth and financial success.

Yet sustainability is a multi-dimensional project and requires a comprehensive approach. That is why our efforts in sustainability have expanded in scope and intensity in many areas. In our most recent Annual Leadership Meeting (a two-day workshop), 400 senior leaders from our group focused their attention on the four pillars we have identified as drivers of sustainability: long-term economic value generation, customer-centricity, identity & people management and governance.

Among many accomplishments, 2007 witnessed a great effort by our Chairman and Board to strengthen our corporate governance structure in line with international best practices. We created a dedicated Compliance Department, made significant progress in formalizing our approach to reputational risk management and intensified our dialogue with stakeholders. We also applied ourselves to a wide variety of environmental initiatives, involving both our own direct behaviors and our indirect influence on others through our frequent role as an intermediary.

Very few companies are as deeply involved in all aspects of customers' day-to-day lives as those in the banking sector. Companies and individuals rely on banks to help them manage day-to-day challenges and to achieve long-term ambitions. These relationships are based on trust, and we know that our longevity depends on delivering consistent value as we empower people to "shape their tomorrow, today".

In the same way, today's international financial institutions are so tightly bound

to the global economy and the structure of society that it has become essential that we go beyond providing just a strong return to our shareholders and valuable support to our customers. We must provide value for all of our stakeholders. This is why we actively work with communities through our territorial committees to support their economic and social development. This philosophy also comes to life in our cultural initiatives, through which we strive to generate broad public dialogues, rather than just to provide diversions for privileged insiders.

For the 180,000 of us who derive our immediate livelihoods from working at UniCredit Group, sustainability will remain a vital concern. The engagement of our people with the company, with its identity and its goals is critical to the long-term generation of results. We view our people as our greatest asset, and we place high value on identifying talent early, providing structured development and career opportunities and leveraging the competitive advantages of diversity.

Achieving full-fledged sustainability is ultimately a holistic undertaking, requiring a consistent and universal application of underlying beliefs and values.

That is why we have placed the UniCredit Integrity Charter at the heart of our identity and all of our activities. It is based on a core of our shared values - fairness, transparency, respect, reciprocity, trust and freedom to act. We view the Integrity Charter as the central mechanism that enables our people to act as entrepreneurs, while behaving responsibly towards each other, our customers and all our stakeholders.

This is UniCredit Group's first group-wide Sustainability Report. The report has been assembled in strict adherence to the most

recent GRI-G3 reporting standards. Rather than compiling separate reports for each of our legal entities as has been our past practice, we have attempted for the first time a consolidated articulation of our complete vision of sustainability, detailing the initiatives and governance that apply to the whole group, irrespective of market or customer segment.

In this respect, we are particularly proud that we were able to bring together relevant data for the first time from a number of our Central and Eastern European operations. Given our dominant market position in this important growth region, we believe the group has a responsibility to be at the forefront of developing a culture of sustainability in Central and Eastern Europe. It is certainly in our own best long-term interest to do so.

In the coming months, we will continue to work towards the capability to assemble a fully comprehensive report, covering the entire breadth of our group. We are working hard to align all of our operations under our common master brand, which not only provides us with greater leverage in the marketplace, but also aids in harmonizing our collective efforts and will make possible a unified approach in our progress towards achieving sustainability in everything we do at UniCredit Group.

Sincerely yours,



Alessandro Profumo

CEO

Report structure

The Sustainability Report (“the Report”), approved by UniCredit Group’s Board of Directors, reflects the full operational scope of UniCredit Group in 2007 and describes the connection between business strategies and stakeholder relationship management. In an effort to meet targets for improvement, the eighth edition of the Sustainability Report has been significantly expanded to draw particular attention to activities in Italy, Germany, Austria, Poland and in the key countries of Central and Eastern Europe (with a particular focus on Croatia and Turkey).

Reporting criteria

The Report was written in compliance with the guidelines published by Global Reporting Initiative in 2006 (GRI-G3). A table summarizing the contents of the Report referring to GRI indicators is provided on page 145.

GRI-G3 defines various application levels (C, B and A) that reflect the level of application of the GRI Reporting Framework to the company’s activities.

Organizations that have been subject to external assurance are permitted to add a “plus” (+) to the level they have achieved.

The UniCredit Group 2007 Sustainability Report satisfies G3 requirements at the B+ level.

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared			Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked			Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	GRI Checked							



Reporting process

For data not available at the central group level, the process of collecting data from each legal entity of UniCredit Group was executed through a systematic use of “CSR cards” created on the basis of GRI.

In order to maximize the reliability of information reported, we have included only that data that can be measured directly, and we have limited, as much as possible, approximate calculations. This data is based on the best information available or on sample analyses. Data that is approximate in value is clearly disclosed as such in the Report.

An important focus area for the next years will be the extension of the Sustainability Report's scope through further standardization of data gathering procedures in order to reach the GRI Application Level A+ by 2010.

Reporting period and scope

The reporting period of the Sustainability Report, which is published annually, corresponds to the period of the UniCredit Group 2007 Annual Report, unless otherwise noted. The present report provides information and data from the 2007 calendar year.

Economic and financial data included in the Sustainability Report are derived from the UniCredit Group 2007 Annual Report. The social and environmental data in the Report excludes companies belonging to the former Capitalia Group. Data relating to clients, communities and the environment from Poland refer exclusively to Bank Pekao S.A., while data from Croatia refers only to Zagrebačka banka d.d..

The merger with Capitalia, effective as of 1 October 2007 is discussed in several sections of the Report. For more detailed information on the merger, please refer to the UniCredit Group 2007 Annual Report.

External assurance

This report has been subject to the review of KPMG S.p.A. in accordance with the criteria established for review engagement by “International Standards on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board (IAASB). On page 151 there is a KPMG S.p.A. report describing the activities carried out and the resulting conclusions.

Relevant issues

The information on social, environmental and economic performance was identified as relating to the most important issues to be examined. The selection was based on an approach that incorporated internal analysis with an external view of UniCredit Group.

We are implementing a number of methodologies aimed at identifying the most relevant issues for our stakeholders. In particular we are looking at those issues that could influence UniCredit Group from the financial, social or environmental points of view, and we are working to identify concrete solutions for their management. In identifying these issues UniCredit Group has made reference to the following principles:

- **Materiality:** A combination of internal and external factors was used to determine whether information was material, including factors such as the corporate

mission and values, concerns expressed directly by stakeholders and the most significant indicators of GRI.

- **Inclusiveness:** UniCredit Group identified its reference stakeholders and explains in the Report how it has attempted to respond to their reasonable expectations and interests.
- **Sustainability context:** The Report presents UniCredit Group's performance in relation to broader concepts of sustainability. It defines the level and the method of contribution to regional local development.
- **Completeness:** This Report covers material topics and indicators sufficient to reflect significant economic, environmental and social impacts and to enable stakeholders to assess UniCredit Group's performance within the reporting period.

UniCredit Group Profile

At a Glance: our Unique Franchise

Highlights

UniCredit Group is a major international financial institution with strong roots in Europe. It has a strong presence in 23 European countries, as well as representative offices in 27 other international markets, and employs around 170,000¹ people throughout the Group.

It provides a powerful combination of distribution and production capabilities as well as the full spectrum of financial services, financial products, and investment vehicles.

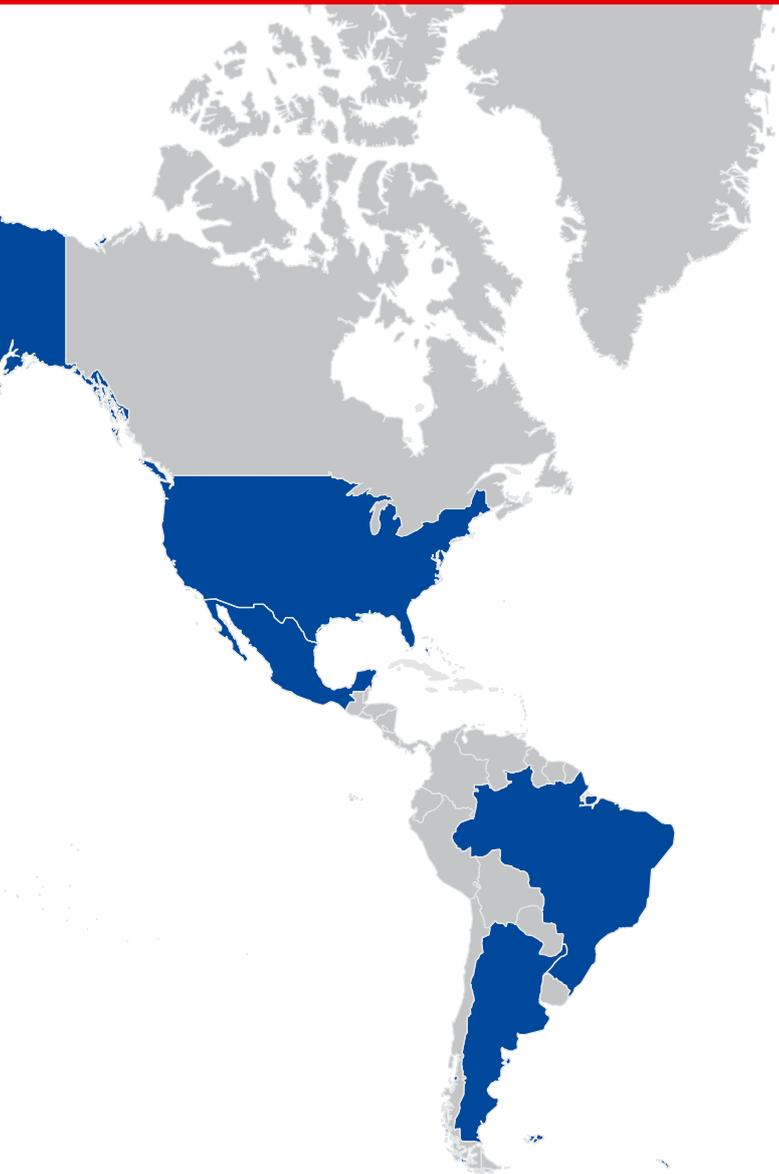
Over the years it has demonstrated its ability to generate profitable, sustainable growth and create significant value for its stakeholders.

UniCredit Group is well-positioned as one of the top European players in the global banking industry.

Market Capitalization (€ billion) (as at 31 December)

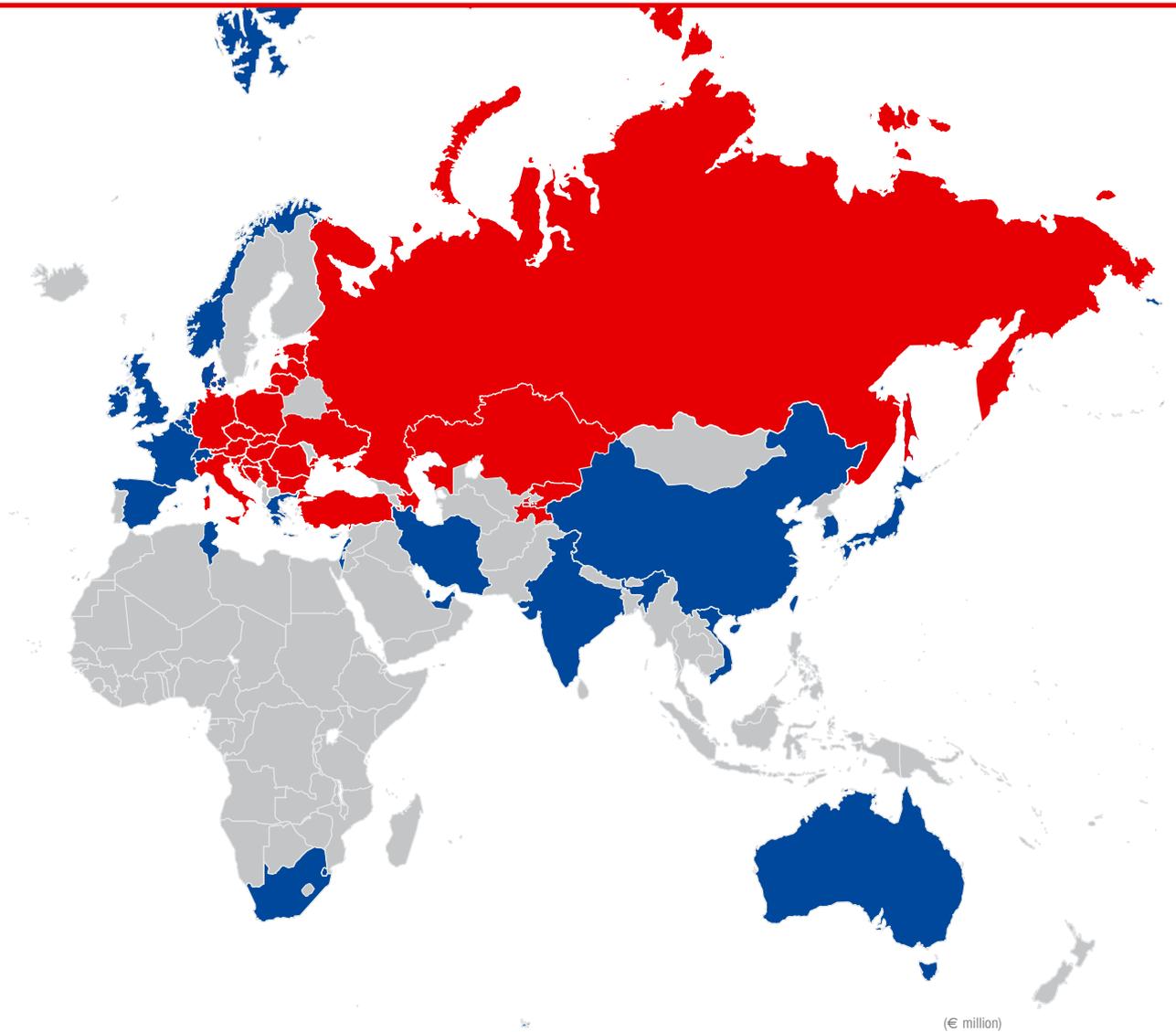


Banking Sector Global Market Capitalization (€ billion) (as at 31 December 2007)



— Countries where the UniCredit Group has banking subsidiaries or banks in which it has a significant equity interest.

— Countries in which the UniCredit Group operates via its own branches, representative offices, small banking subsidiaries, or investment centers (Pioneer).



Customers: 40 million
 Employees¹: 170,000
 Branches²: 9,714

Operating Income*	29,655
Operating Profit*	13,346
ROE* ³	17.0%
Total Assets	1,021,758

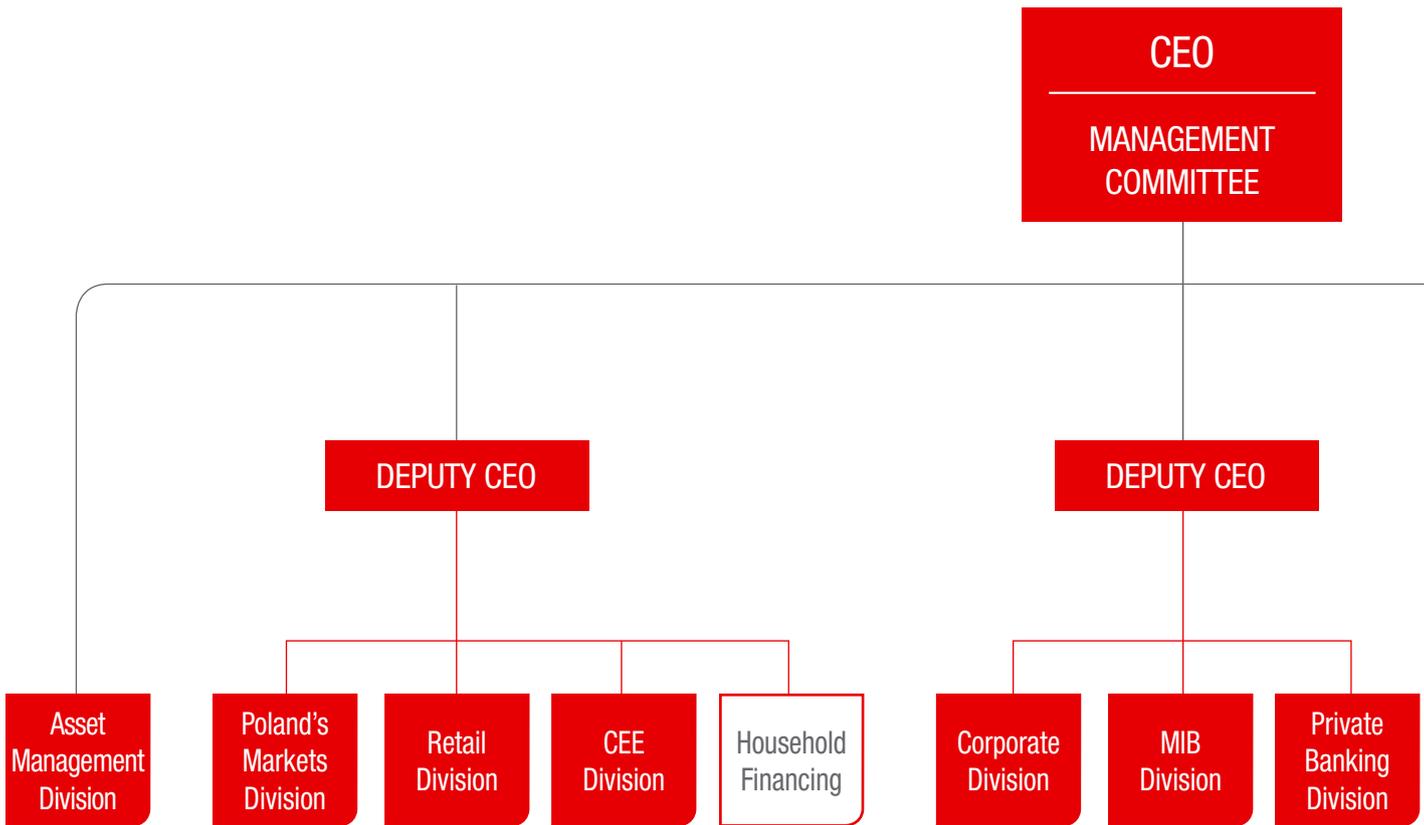
(€ million)

* Pro-forma figures determined as if the business combination with Capitalia had occurred on 1 January 2007.
 1. "Full time equivalent" data, calculated according to a new methodology which does not include unpaid leaves. These figures include all employees of subsidiaries consolidated proportionately, such as Koç Financial Services Group employees.
 2. These figures include all branches of subsidiaries consolidated proportionately, such as Koç Financial Services Group branches.
 3. Calculated on the basis of the average pro-forma shareholders' equity (estimated using year-end capital and reserves, excluding reserves relating to AFS assets and cash-flow hedge, and including average non-distributable pro-forma net profit), net of goodwill arising from the business combinations with HVB and Capitalia, which were carried out with an exchange of shares and recorded in accordance with IFRS 3.

UniCredit Group Profile (CONTINUED)

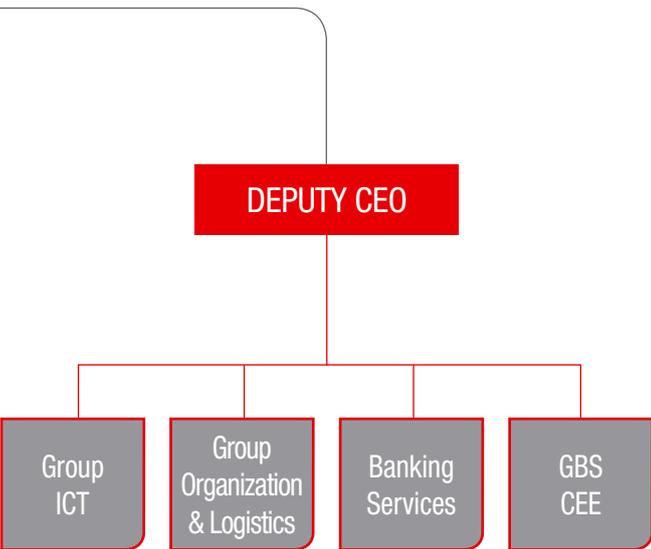
Business Model

Organizational Model



The UniCredit Group's business model is enhanced by a consistent organizational approach. Its aim is to fully exploit the dynamic potential of its global network to provide organic growth through deep and historical local roots of its subsidiaries in 23 European countries.

To improve synergies among its Divisions, increase speed of service, and to support continuous innovation, UniCredit Group has adopted an organizational structure with three managerial areas, each headed by a Deputy CEO.



- Business Division
- Business Department
- Global Banking Services Function

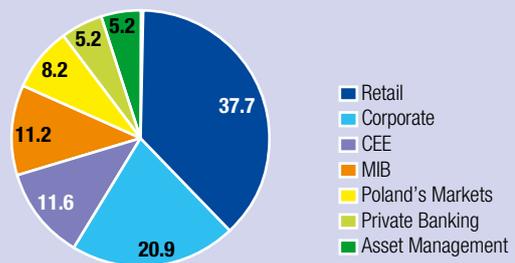
Business Mix

UniCredit Group has a portfolio which is diversified across business and geographical lines, with a strong commercial banking footprint. This business mix allows UniCredit Group to better withstand market turmoil.

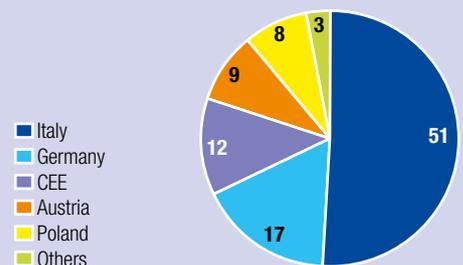
Retail banking is the most important source of UniCredit Group's revenues, generating roughly 38% of the total. This is followed by Corporate banking, which accounts for roughly 21% of total revenues.

UniCredit Group is focused on international markets and this can be seen in its regional revenue breakdown. Italy is the principal market for UniCredit Group, however substantial revenues are derived from Germany, the CEE countries and Austria.

Revenues by Division (%)



Revenues by Geographic Area (%)



UniCredit Group Profile (CONTINUED)

Master Brand Strategy: in Unity there is Strength

The UniCredit Group will now go forth as one bank under one banner in order to achieve our one goal: to be one of the top banks both in Europe and the world.

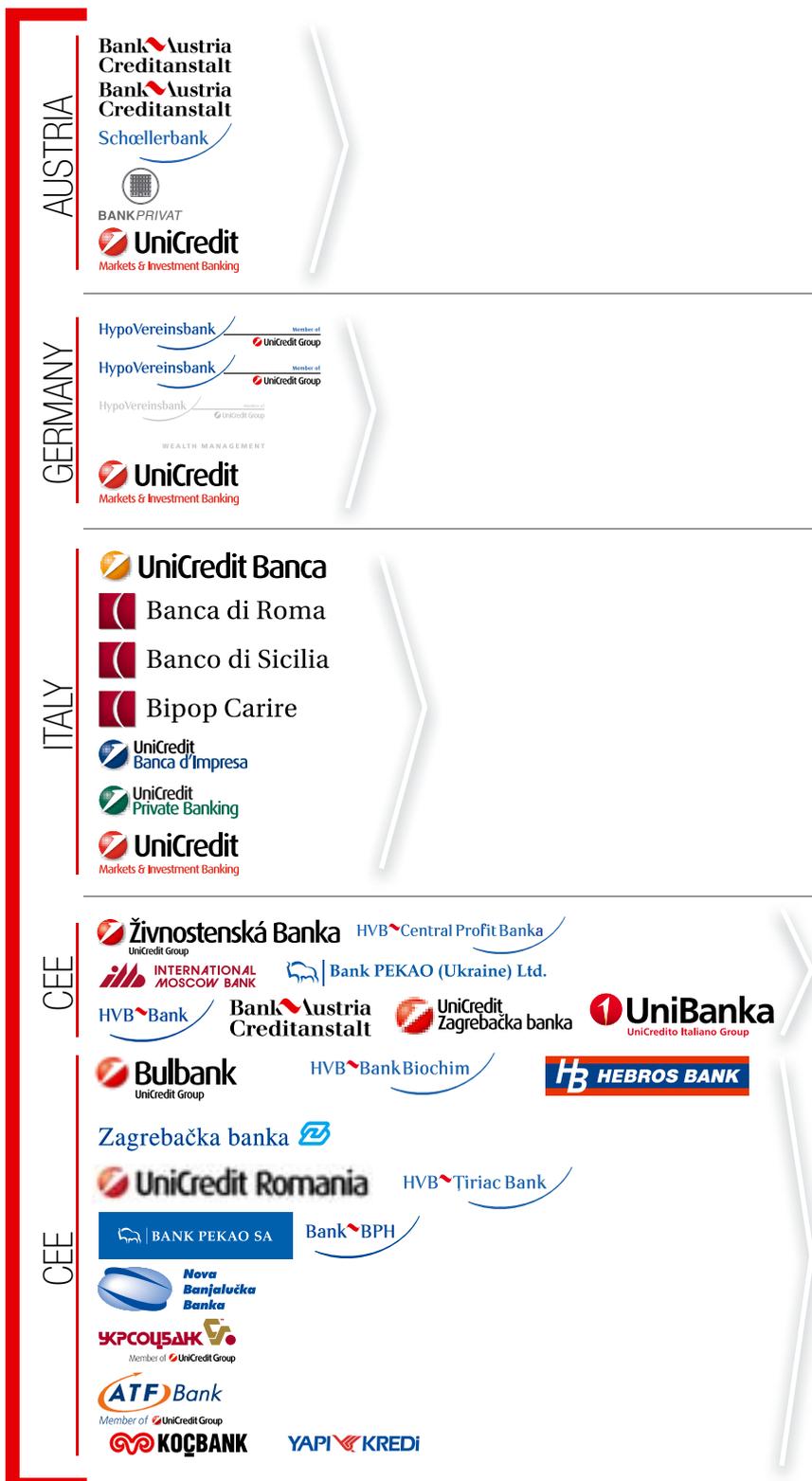
We will deliver one brand idea. We will live by one set of values. We will stake out one position. We will have one corporate mission. We will share one vision. We will be one brand – with one spirit, one identity, one personality.

That is the single-minded objective of our master brand strategy, which will unify all of our business Divisions, and all of our communications, in all 23 countries in which we operate. It is being implemented now throughout UniCredit Group.

Our one banner is our new, bold corporate signature with the number one pointing upwards and onwards. The red UniCredit Group logo will be universally applied throughout our organization. It is a fresh, forward-looking brand symbol that is destined to become a new mark of distinction in global finance.

Our one idea, as a leading European financial institution, is empowering optimism in everything we do. What distinguishes our bank and our people from our competitors is the positive, can-do spirit that we bring to every personal transaction and every business transaction that we undertake. We are known for working in a close, forward-looking partnership with our customers, helping to empower them to make the right choices for their own future.

Our one position is “Shape your tomorrow, today”. It is a core message that states simply and clearly that we are in the business of empowering optimism. It is an uplifting message that speaks to helping people and businesses shape their own future and achieve their full potential. It will not only be the soul of our advertising, and the emotional connection to our customers, it will be the spirit of our brand. And to give our message a call to action, we will sign off with a compelling brand idea: “Let’s start”.



AUSTRIA

-  **Bank Austria**
UniCredit Group
-  **Bank Austria**
Corporate Banking
-  **Schoellerbank**
Private Banking
-  **Bank Privat**
UniCredit Group
-  **UniCredit**
Markets & Investment Banking

GERMANY

-  **HypoVereinsbank**
UniCredit Group
-  **HypoVereinsbank**
Corporate Banking
-  **HypoVereinsbank**
Wealth Management
-  **UniCredit**
Markets & Investment Banking

ITALY

-  **UniCredit Banca**
-  **UniCredit Banca di Roma**
-  **Banco di Sicilia**
UniCredit Group
-  **Bipop Carire**
UniCredit Group
-  **UniCredit**
Corporate Banking
-  **UniCredit**
Private Banking
-  **UniCredit**
Markets & Investment Banking

CEE

-  **UniCredit Bank**

CEE

-  **UniCredit Bulbank**
-  **Zagrebačka banka**
UniCredit Group
-  **UniCredit Ţiriac Bank**

Under consideration
Under consideration
Under consideration
Under consideration



Our one set of values is embedded in our Integrity Charter, which now forms the strong backbone of everything we do at UniCredit Group. These brand values are:

- Fairness – having one high standard in all we do, applied evenly and without discrimination
- Trust – a mutual code of honor between people that governs everything we do. It is the strong basis of our reputation, and builds the confidence in our company that is so essential to our profitable, sustainable growth
- Respect – we constantly drive to earn it, and willingly give it to those who deserve it
- Transparency – making certain that everything we do is always honest, relevant, and straightforward
- Reciprocity – actively seeking to help those around us, with the unspoken certainty that the way we treat others will have positive returns for us
- Freedom to act – fostering a culture of openness that enables our people to reach their potential and empowers them to achieve more for our customers and more for our stakeholders.

These are the values and beliefs that drive the behavior of everyone associated with the brand. They are the truths that we all live by.

Our one corporate mission

is to apply our financial expertise to create a better future for our customers, to play a leadership role in shaping the future of the financial sector, and to achieve profitable, sustainable growth in a manner that benefits society as well as our stakeholders.

Our one shared vision

is the firm belief that everyone has both the right and the responsibility to shape their own future, and that the financial expertise of UniCredit Group can help people – and businesses – shape their future and achieve their potential. We see that by empowering optimism, we

empower our customers to achieve more and enable our own people to achieve more.

Our one brand is UniCredit Group.

It is one brand that encompasses many strong financial institutions that have come together in the unshakable conviction that in unity there is strength.

We are one brand united in the spirit of shared values and shared responsibilities, the spirit of openness and accountability, the spirit of total commitment to sustainable growth achieved in a way that benefits not only our stakeholders, but the communities we serve, the economies of the 23 countries in which we operate, and society as a whole.

We are one brand with one clear identity – an identity symbolized by our dynamic red logo with the slanted white number one. A brand known by our customers and by the financial community as a proud and distinguished financial organization.

We are one brand with one personality. There are clear attributes that distinguish the character of our people, our communications, and the attitude we project. The result is a brand personality that is:

- Warm – honest, engaging and nurturing
- Open – democratic and involving
- Progressive – restless for change, ahead of the pack, innovative
- Quietly confident – understated yet intriguing, with a knowledge and strength that is appealing
- Pragmatic – realistic and grounded, not over-promising but over-delivering on expectations.

That is who we are. That is the UniCredit brand. One bank under one banner.

Our master brand strategy is now being implemented throughout our organization. It proves that in unity there is strength.

Let's start.

UniCredit Group Profile (CONTINUED)

The Value distribution

Calculation and allocation of Value Added

Value added is calculated by reclassifying consolidated Income Statement items with the aim of showing how it is allocated and expressing in monetary terms the relationship between the business and the socio-economic system with which it

interacts, special reference being made to its main stakeholders: shareholders, minority interests, the community, human resources, corporate structures and public bodies & institutions. As regards the level of aggregation of income components,

we chose the formulation of value added developed by ABI (the Italian Banking Association) for banks. This takes into account the special characteristics of the banking business.

Breakdown of Value Added, 2007		(€ 1000s)	
	2007	2006	
REVENUE			
10. Interest income and similar revenues	42,021,881	34,294,958	
40. Fee and commission income	11,353,707	9,966,526	
70. Dividend income and similar revenue	1,055,569	823,730	
80. Gains and losses on financial assets and liabilities held for trading	541,281	1,470,347	
90. Fair value adjustments in hedge accounting	21,754	29,729	
100. Gains (losses) on disposals of:	1,285,979	493,457	
<i>a) loans</i>	13,654	16,486	
<i>b) available-for-sale financial assets</i>	1,274,808	479,030	
<i>c) held-to-maturity investments</i>	647	3,493	
<i>d) financial liabilities</i>	(3,130)	(5,552)	
110. Gains and losses on financial assets/liabilities at fair value through profit and loss	(3,355)	41,347	
220. Other net operating income	883,164	597,109	
240. Profit (loss) of associates	223,093	283,443	
310. Total profit or loss after tax from discontinued operations	-	56,174	
1. TOTAL NET REVENUES	57,383,073	48,056,820	
CONSUMPTION			
20. Interest expense and similar charges	(28,056,647)	(22,140,073)	
50. Fee and commission expense	(1,923,865)	(1,618,851)	
180.b Other administrative expense	(4,742,730)	(4,246,376)	
130. Impairment losses on:	(2,329,737)	(2,296,038)	
<i>a) loans</i>	(2,140,868)	(2,196,408)	
<i>b) available-for-sale financial assets</i>	(113,020)	(47,440)	
<i>c) held-to-maturity investments</i>	(54,383)	1,110	
<i>d) other financial assets/liabilities</i>	(21,466)	(53,300)	
190. Provisions for risks and charges	(622,161)	(765,131)	
200. Impairment/write-backs on property, plant and equipment	(841,084)	(812,104)	
210. Impairment/write-backs on intangible assets	(614,939)	(556,664)	
260. Impairment of goodwill	(144,271)	(356,880)	
2. TOTAL CONSUMPTION	(39,275,434)	(32,792,117)	
150. Premiums earned (net)	114,921	89,058	
160. Other income (net) from insurance activities	(82,431)	(67,817)	
NET RESULT OF INSURANCE MANAGEMENT	32,490	21,241	
3. TYPICAL GROSS ADDED VALUE	18,140,129	15,285,944	
270. Gains and losses on disposal of investments	530,345	794,685	
4. TOTAL GROSS ADDED VALUE	18,670,474	16,080,629	
180.a Cost of labor (staff expenses)	(9,096,947)	(7,860,299)	
180.b Other administrative expense: indirect taxes and duties	(347,670)	(288,666)	
180.b Other administrative expense: donations	(13,922)	(13,688)	
5. PROFIT BEFORE TAX	9,211,935	7,917,976	
290. Tax expense (income) related to profit or loss from continuing operations	(2,533,713)	(1,790,119)	
330. Minorities	(717,085)	(680,116)	
6. NET PROFIT FOR THE YEAR	5,961,137	5,447,741	

Allocation of total gross Added Value		(€ '000)	
	2007	2006	
TOTAL NET REVENUES	57,383,073	48,056,820	
TOTAL CONSUMPTION	(39,275,434)	(32,792,117)	
NET RESULT OF INSURANCE MANAGEMENT	32,490	21,241	
GAINS AND LOSSES ON DISPOSAL INVESTMENTS	530,345	794,685	
TOTAL GROSS ADDED VALUE	18,670,474	16,080,629	
Allocated as follows:			
MINORITY INTERESTS	717,085	680,116	
SHAREHOLDERS - Dividend	3,425,143	2,486,229	
Private	3,025,121	2,138,629	
Foundations*	400,022	347,600	
HUMAN RESOURCES	9,109,947	7,861,299	
Cost of labor:			
- direct	6,086,298	5,642,514	
- indirect	3,010,649	2,217,785	
Portion of net profit allocated to the medium-term Group staff incentive provision	13,000	1,000	
PUBLIC BODIES & INSTITUTIONS	2,881,383	2,078,785	
Indirect taxes and duties	347,670	288,666	
Tax expense for the year	2,533,713	1,790,119	
COMMUNITY	26,222	25,388	
Donations	26,222	25,388	
CORPORATE STRUCTURE	2,510,694	2,948,812	
Retained profit and allocation to reserves	2,510,694	2,948,812	
TOTAL GROSS VALUE ADDED	18,670,474	16,080,629	

* Data refers to dividends provided by UniCredit Group to Foundations holding shares in excess of 2% of the bank's capital and with missions pertaining to community oriented social interventions and the arts & sciences. Data refers to Foundations' holdings as of 7 March 2008.

Allocation of Value Added 2007 (%)





A culture of sustainability

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Our approach

Sustainability and UniCredit Group value creation

Notwithstanding the significant expansion it has experienced in the last few years, UniCredit Group is a European bank with deep and long-established local roots in nearly all of the communities it serves. While this is the first time we have assembled a group-wide sustainability report, the general practices described in the report are not new to the banks, Divisions and business lines that form UniCredit Group.

As we continue to integrate our shared corporate culture across all Divisions of UniCredit Group, we are working to ensure that our efforts in and approach to the important field of sustainability will continue to be harmonized, streamlined and rationalized in order to generate synergies beneficial to both our stakeholders and the world around us. This first group-wide report has primarily been designed to provide our stakeholders with a thorough and accurate portrait of our approach to sustainability as it stands today. We have included snapshots of how our sustainability concept is evolving and expanding in the form of new initiatives, harmonized approaches and an increasingly sophisticated reliance on benchmarks, metrics and internationally sanctioned guiding principles.

This chapter provides a concise overview of what sustainability is for our group, of why it is important to us as a financial institution and, more importantly, to us as people.

The following text covers:

1. **Sustainability and UniCredit Group value creation**, including a discussion of the long-term added-value dimension of sustainable practices;
2. **Empowering sustainability**, including the four pillars of our sustainability, which are: (i) long term Economic Value Added (EVA); (ii) customer loyalty; (iii) governance; and (iv) values, identity & people management;
3. **Stakeholder engagement**, detailing our commitment to understanding and measuring up to the expectations of our stakeholders.

Sustainability is central to the mission and operation of UniCredit Group.

Our complex community roots are crucial to understanding the role of sustainability at UniCredit Group. We are the first truly European bank, with a presence in 23 countries. By virtue of our size and scope, we recognize the substantial positive role we play in serving the local communities.

Ultimately it is our job and our desire to return the many benefits accrued from our franchises to the regions in which we operate. Banks are indispensable participants in the modern communities they serve, and the health of UniCredit Group depends on our serving those communities responsibly, efficiently and cooperatively.

This report outlines the ways in which we can and do deliver value to our communities and other stakeholders. All of these practices are dependent on the underlying financial stability of our company. We recognize that our day-to-day operations are an engine for financial growth, but it is the understanding of UniCredit Group that growth is not enough. Sustainability is essential to long-term value creation for all our stakeholders, and we believe that sustainability is the way to put these beliefs into practice.

It might be possible to increase profits in the short run while disregarding sustainability considerations. But in the long run, sustainable practices are vital to the financial health of any large business, as you can see expressed in the following simple formula:

Profits x Multiple = Long-Term Group Value

Competitive *profits* are essential to ensuring shareholder satisfaction and long-term Group value growth; but while profits are a prerequisite, they are not sufficient on their own.

The *multiple* is a measure of the long-term impact of sustainable practices. Better sustainability practices mean a higher multiple. Focusing only on profit may endanger the sustainability of long-term results, particularly in the context of the banking industry. To practice sustainability effectively, we must consider all our stakeholders.

The final *value* generated for stakeholders is the combined result of both our ability to generate consistent profits and the sustainability of UniCredit Group's business practices and reputation.

Empowering sustainability

The framework we have developed to explain and analyze our sustainability agenda is based on four key pillars, which are the starting point for the extension and rationalization of our activities relating to sustainability. The four pillars of sustainability are: (i) long-term value creation; (ii) customer loyalty; (iii) governance; and (iv) values, identity and people management.

The influences of these pillars overlap and combine to produce UniCredit Group's core of sustainability-based assets, generating benefits and long-term value.

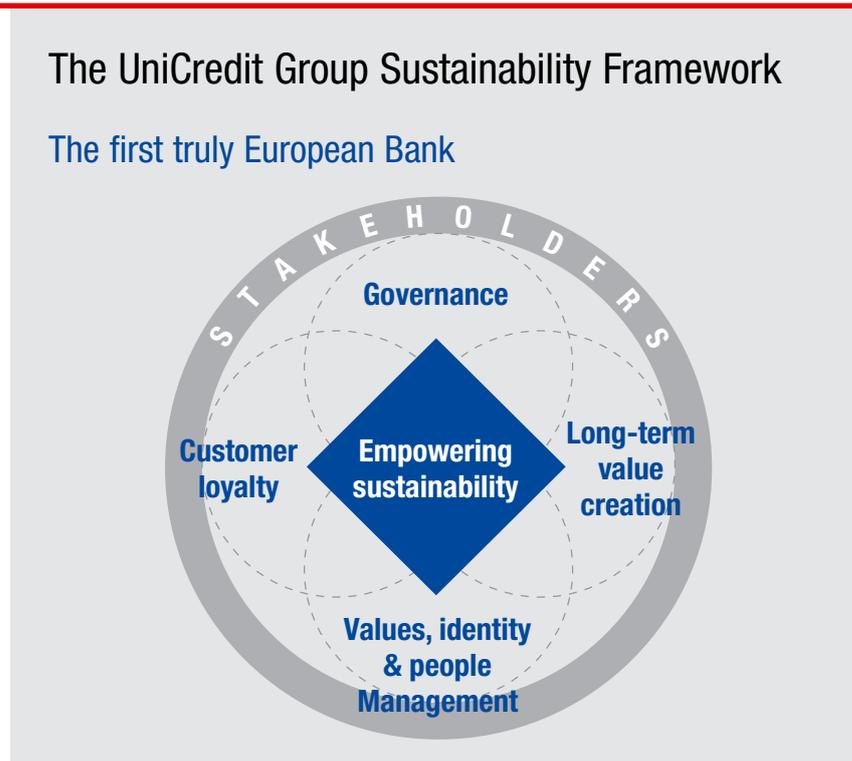
We continue to generate sustainable value in the long term for our stakeholders by embedding sustainable practices in the day-to-day working life, decision-making processes, operational and business structures of UniCredit Group.

The first pillar: long-term EVA

At UniCredit Group, we are working to ensure that our whole organization understands how to generate sustainable long-term value growth, by focusing, for example, on sustainable revenue growth (e.g., through innovation in products and advisory services).

The creation of long-term economic value greater than the underlying cost of capital is the essential prerequisite to maintaining a sustainable financial enterprise, as companies that cannot overcome this constraint will not long be viable entities. But a focus on long-term economic value growth is not the same thing as chasing short-term profitability.

For example, our emphasis on long-term value creation led us to identify customers with adjustable-rate mortgages who might face difficulties in meeting payments



after a rate increase. We offered them advantageous refinancing terms¹. Such an approach may reduce revenue in the short term but ultimately ensures the financial health of the community and the bank.

A financial institution's choice of operational and commercial targets can have vast impact on the overall value it generates in the long term. We are working to embed the concept of long-term sustainable value as a central metric and objective in UniCredit Group's day-to-day business operations.

The second pillar: customer loyalty

The concept of customer loyalty is not as simple a matter as it might at first appear, particularly in light of its interplay with issues

of sustainability. Cultivating loyalty involves such traditional business issues as customer satisfaction and complaint management. It is also intertwined with issues of trust and community. In all of its facets, customer loyalty is fundamental to revenue and EVA growth in the long run.

At UniCredit Group, we are working to ensure that our entire organization remains focused on customer satisfaction, brand awareness and referral leverage, which together comprise our second pillar of sustainability.

CUSTOMER SATISFACTION

For UniCredit Group, listening to our customers is step one in maintaining and sustainably expanding the loyalty of our

¹ This example is addressed in greater detail in the chapter entitled "Our Customers"

Our approach (CONTINUED)

Empowering sustainability (CONTINUED)

customers. That is why we continually stress the importance of customer satisfaction surveys and related activities to ensure that we are regularly talking with and about our customers. Their valuable feedback enables us to develop concrete action plans to focus on and to meet the constantly changing needs of our customers and the market.

Further details on our activities in this vital area are addressed in the chapter entitled "Our Customers" in the Complaint Management and Customer Satisfaction sections on pages 80 and 83.

BRAND AWARENESS

Our master brand strategy is currently being implemented group-wide. We are convinced that strong brand awareness has the potential to raise international awareness of UniCredit Group's abilities and strengths. It can enhance our revenue streams by positively influencing customer loyalty, customer acquisition and the facilitation of cross selling. As the repository of our reputation, strong brand awareness affects the sustainability of both our business operations and our corporate culture. That is why we have begun to redefine our brand architecture and have created a new continuity in our brands in the countries of the CEE. Consistency enables our customers to see UniCredit Group for what we truly are, a strong, sustainable and unified financial institution that represents more than the sum of our parts.

REFERRAL LEVERAGE

To increase our referral leverage through direct business operations, UniCredit Group is working to enhance our trust-based relationships, to maintain a distinctive and innovative approach in our service model and to maintain our business reputation through responsible lending and other sustainable business practices.

To increase our referral leverage through our positive contributions to society, we are consistent in building on our standing as a responsible corporate citizen, through community outreach, cultural and environmental partnerships, scholarship programs and other people-based initiatives.

The third pillar: Governance

Local and international M&A activity involving European banks is increasingly cross-border oriented. The evolution of the business mix and product diversification have increased the complexity of governance models, requiring a tightening and centralization of control structures and the adoption of matrix management structures.

As a result, the management challenge facing banking groups has been considerable. The need for increased discipline has become more acute due to stricter scrutiny by regulatory authorities, fiscal and regulatory challenges posed by cross-border activities, more opaque risks connected with certain business activities, the greater involvement of institutional investors and the influence of consumer pressure groups.

At UniCredit Group, we are working to build a robust system of governance that:

- Enforces transparency in rules, responsibilities and processes, converting complexity into opportunity and competitive advantage;
- Is based on an effective organizational model aimed at streamlining decision-making processes and assuring constructive feedback at every stage;
- Supports our business model and our approach to sustainable growth.

To ensure an effective and efficient reporting and consultation system that will enable the Board of Directors to best perform its duties, several committees have been reorganized within the Board. Each has specific areas of competence for providing consultation and proposals.

On 3 August 2007, in order to improve governance-related processes and models and oversee key aspects of UniCredit Group operations in keeping with international best practices, the Board of Directors established the Permanent Strategic Committee and the Corporate Governance, HR and Nomination Committee and renamed the Audit Committee the Audit & Risks Committee. At the same time, the Board decided to eliminate the Chairman's Committee, Executive Committee and all other Board committees, with the exception of the Audit and the Remuneration Committees.

The fourth pillar: values, identity and people management

Ultimately, UniCredit Group is a community of people. As in any community, sustainability must be based on shared values, a clear sense of identity and mutual respect and understanding. With these principles in mind, UniCredit Group has been working to grow this sense of community across its many territories, Divisions and business lines.

We are now focusing our attention on managing our human resources, developing our group-wide identity and identifying with our shared set of values, known within UniCredit Group as the Integrity Charter. Together these comprise our fourth pillar of sustainability.

MANAGING OUR PEOPLE

Our Human Resources Division is leading the effort to optimize our people management processes. The goal is to make UniCredit Group the employer of choice in the financial sector of every territory in which we operate. By building the most appealing workplace possible, by offering the greatest opportunities for personal growth and advancement and by providing energizing leadership, we aim to attract, develop and retain the most talented and diverse workforce in our industry.

Achieving this at all levels is central to fulfilling the organization's long-term needs for leadership, continuity and stability as we work to produce sustainable business results. Part of UniCredit Group's strength derives from its diverse, international workforce, and, as we progressively integrate the group's many parts, we are striving to leverage this resource to greater effect.

With this in mind, we are developing a new diversity management strategy that is focused both on cultivating a more international outlook and on properly valuing the under-tapped potential of our female colleagues. A Diversity Program Manager has now been appointed at UniCredit Group level, as a member of the Executive Development Unit, to spearhead these efforts.

Our first priority within this key initiative is to shift from a multi-local to an international outlook. One of the 12 areas of competence within the UniCredit Group Leadership Competency Model is "Embrace Diversity, Be Globally Connected". With these words for guidance, the office of the Diversity Program Manager is working to make sure that our leadership teams, our people management approach and our internal communications enhance the sustainability of our business

by reflecting and respecting the different nationalities and cultures that are vital parts of our network.

Our second priority is to upgrade our strategic approach to women's career development. It is essential that we properly value and fully deploy our human capital – male and female alike – throughout UniCredit Group. With this objective, some projects undertaken in association with the Diversity Program Manager's office include an initiative to increase the number of women in leadership positions (to be defined and implemented in 2008) and an enhanced focus on women's promotions and access to development opportunities.

UNICREDIT GROUP INTEGRITY CHARTER AND THE RESTORATIVE JUSTICE SYSTEM

The core of our identity as a group has been summed up in the values expressed in our Integrity Charter, which serves as the backbone of everything we do at UniCredit Group. These shared values are: Fairness, Trust, Respect, Transparency, Reciprocity and Freedom. These drive the behavior of everyone associated with the UniCredit brand. They enable our colleagues to function effectively as entrepreneurs and to maintain a consistently responsible and respectful attitude towards one another, towards our customers and towards all our other stakeholders. They are the truths that we all live by.

To ensure that these values retain power in action as well as in concept, we have instituted the Restorative Justice System – a comprehensive internal system by which we ensure we are able to align our behavior to our values. The Restorative Justice System is designed to resolve company conflicts according to the principles of the Integrity Charter. It prescribes mediation or meetings to resolve inter-personal

problems in the workplace and provides appropriate reporting channels to address business decisions and other behavior that may conflict with the values of the Integrity Charter.

Together the Integrity Charter and the Restorative Justice System provide our colleagues with the tools they need to be effective, productive and secure in their work at UniCredit Group. The values we share have been protected and guaranteed through these institutions, thereby ensuring that UniCredit Group's sustainable business model will remain a permanent and central feature of the company.

DEVELOPING OUR GROUP-WIDE IDENTITY

In the months to come, we will continue the process of developing our group-wide identity, which is vital to the shared sense of community and purpose that have been expressed in the Integrity Charter and the Restorative Justice System. Our long-term master brand strategy is designed to articulate who we are and to nurture a long-term bond with all our stakeholders. That is why UniCredit Group took significant steps in 2007 to move forward as one bank under one banner as we grow to become one of the strongest banks in Europe and the world.

UniCredit Group encompasses many sturdy financial institutions that have come together in the conviction that in unity we can achieve strength and sustainability. We are united in the spirit of shared values and shared responsibilities, of openness and accountability. In this spirit we reaffirm our total commitment to sustainable growth, achieved in a way that benefits not only our shareholders and employees, but also the communities we serve, the economies of the 23 countries in which we operate, and society as a whole.

Our approach (CONTINUED)

Stakeholder engagement

As one of Europe's leading financial groups, we are proud of our geographical roots and the diverse heritage that forms the foundation of our common identity. We are firmly committed to creating a new way to bank by constantly striving to serve our clients with innovative products and solutions. Our reputation is built on trust, accountability and the quality of our service. Our set of values is founded on integrity – a prerequisite for our sustainable growth – making it possible to transform simple profit into broader value for our stakeholders.

In this report, we commit ourselves to understanding and measuring up to the expectations of our stakeholders – by means of cultivating employee and customer satisfaction and by participating in regular meetings with non-profit organizations and other NGOs.

People

We offer our people regular opportunities for professional growth and development, distributed on the basis of merit and professional accomplishment. It is our goal to be the ideal company for highly skilled and motivated individuals, whose opinions we will always value and whose suggestions we will always seriously consider. As described above, the Integrity Charter, the Restorative Justice System and our diversity initiatives are all parts of a comprehensive effort to ensure that we attain this goal. We are devoted to our people and endeavor to treat them all alike with dignity and respect. We similarly promote and encourage a consistent and reciprocal application of respect and consideration for different cultures within the group.

Customers

We aim to be the bank of choice for all our customers by consistently putting their interests at the forefront of every company initiative. Our relationship with our customers is based on trust and on a deeply rooted culture of service that emphasizes reciprocal understanding, personal interaction, quality products and solutions, transparency and a high level of competence.

Investors and markets

Any viable business must earn a sustainable profit. We want the markets and our investors to be satisfied with our results and pleased with the innovative ways in which we achieve them. We pay constant attention to building a leadership position in profitability and growth, which we steadily achieve with the help of our distinctive entrepreneurial attitude, with a firm grip on governance and compliance and with total adherence to the principles of our Integrity Charter.

Communities

As a strong and innovative financial group, we are able to employ the most current global opportunities and strategies in the service of our local communities and their development. Wherever UniCredit Group operates we make every effort to promote sustainable economic growth and socially responsible progress. Accepting our responsibilities and fully aware of our deep-rooted community heritage, we endeavor to play an important role within civil society and the varied local communities where we operate.



Corporate Governance

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Recent evolution in governance models across Europe

Good governance is an indispensable component of a sustainable business model, and UniCredit Group has been making a concerted effort to integrate and strengthen its initiatives on this important front. To stay abreast of rapidly changing regulatory regimes while developing effective internal controls to minimize reputational risk, we require a comprehensive and coordinated strategy that covers all the Units and Divisions of UniCredit Group.

In support of the recent rapid expansion of our company, we have been consistently occupied with working to ensure that our governance structures have kept pace with our evolving needs. This chapter provides a survey of our activities in the sphere of governance, broken down according to the following sections:

1. **The recent evolution in governance models**, addressing the key changes in the marketplace, insofar as they have affected issues of governance in the financial sector;
2. **The UniCredit case**, providing a detailed account of the existing governance structure in place at UniCredit Group;
3. **Compliance**, detailing the specific procedures in place within UniCredit Group to ensure proper compliance with the many regulatory regimes that affect us;
4. **Reputation management**, addressing the steps we have taken to minimize potential repercussions from any missteps that could conceivably have a negative influence on our reputation. The UniCredit Integrity Charter is central to these efforts;

By maintaining a cutting-edge approach to corporate governance, UniCredit Group expects to optimize its overall business model and to serve as an example of sustainable business practice in the financial sector.

This section details the role of increased mergers & acquisitions (M&A) activity, institutional investors, national governments, regulators and the European Commission on the evolution of governance models across Europe. It also touches upon the capacity of governance to transform complexity into opportunity.

Increased mergers & acquisitions activity

M&A activity involving European banks and UniCredit has sharply increased in the last years, becoming more and more cross-border-oriented and thus increasing the complexity of governance models.

M&A activities have significantly impacted the business mix with strong product diversification, which in turn has added additional layers of complexity, requiring a tightening and centralization of control structures and the adoption of matrix management structures.

Therefore, management challenges facing banking groups are considerable. A need for increased discipline has been given added emphasis by:

- stricter scrutiny by regulatory authorities;
- fiscal and regulatory problems posed by cross-border activities;
- more opaque risks of some of the businesses;
- greater involvement of institutional investors;
- influence of consumer pressure groups.

The role of institutional investors

Corporate governance has started to be highly considered by institutional investors who view it as not only a compliance obligation but an ownership responsibility.

The growth in the direct power of institutional shareholders and their internationalization have greatly increased their influence on managements across Europe.

From the investor's perspective, the essential elements of good corporate governance are:

- Boards equipped and motivated to protect and enhance shareholder value (long-term investment returns);
- executive compensation that aligns pay with performance;
- transparent, accurate and timely financial disclosures that investors can trust;
- the means for shareholders to monitor corporate financial performance and to take action if it falters over the long term.

As businesses have developed and more sophisticated services have been introduced, a matrix approach has become more common, providing a degree of external management control and supervision that did not previously exist.

The role of national governments, regulators and the European Commission

The growing complexity of financial organizations and some critical events in the financial services industry have prompted national governments, regulators and the European Commission to issue a series of

The UniCredit case

new regulatory measures to ensure:

- domestic conditions adapt to changing market structures;
- a degree of commonality.

For example in Italy, the Corporate Governance Position Paper issued by the Bank of Italy asked all Italian banks to carry out, in a one year period, a Corporate Governance Project showing the main features of their corporate governance organization and governance model. The Project was meant to illustrate the reasons why the model chosen was more likely to ensure efficient management and effective controls and describe the specific choices concerning, among others, organizational structure, accounting control systems, incentive and compensation mechanisms, information flows and shareholders' rights.

Transforming complexity into opportunity

However, governance is not only an organizational burden. Good governance can change complexity into opportunity and into competitive advantage where it has been designed to support clear and transparent processes. This requires:

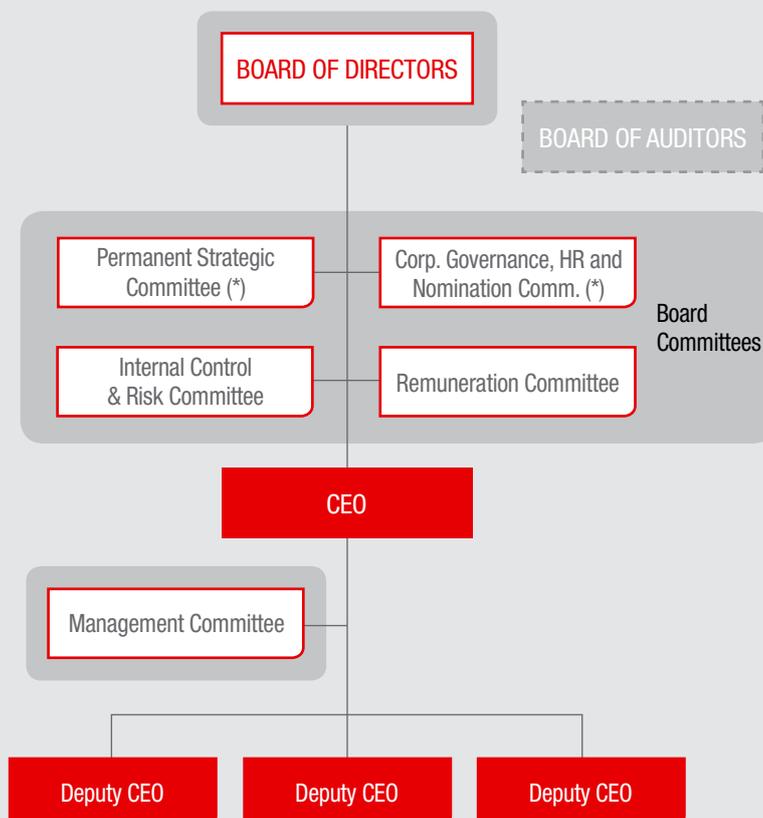
- clarity as to where or in which bodies the decisions are made;
- clarity as to who has responsibility in the decision-making processes. The Board must consist of an adequate number of informed and qualified non-executive and independent Directors;
- clarity and transparency of the information that must drive decision-making;
- clarity of the legal competence of the Board. It has a clear responsibility to approve strategy and to monitor its development on behalf of the shareholders.

The overall Corporate Governance structure of UniCredit Group has been defined considering the applicable laws and the recommendations included in the new Corporate Governance Code issued by Borsa Italiana S.p.A. in March 2006 (the "Code"). The Code was written with the goal of increasing the clarity of responsibilities and roles, including those of independent Directors and the Board's internal Committees, and its content was improved as a result of experience acquired in recent years.

Since 2001 UniCredit Group has prepared a special annual "Report on Corporate Governance" (based on the "comply or explain" principle) intended for its shareholders, institutional and other investors and Borsa Italiana. This report provides appropriate information on its Corporate Governance system.

UniCredit Group is a company that issues securities on regulated markets in Milan, Frankfurt and Warsaw and, as such, it must comply with legal and regulatory obligations connected with listing in those markets.

Governance organizational structure: the Board of Directors and its Committees



(*) CEO as member

The UniCredit Case (CONTINUED)

Governance organizational structures: the Board of Directors

UniCredit Group has a traditional administrative organizational structure based on the presence of two bodies elected by the shareholders: the administrative body (Board of Directors) and the Board of Statutory Auditors with administrative control functions. The control of accounting is entrusted to an external auditing firm in compliance with the laws that regulate this function. To

ensure an effective and efficient reporting and consultation system within the Board, several Committees have lately been reorganized.

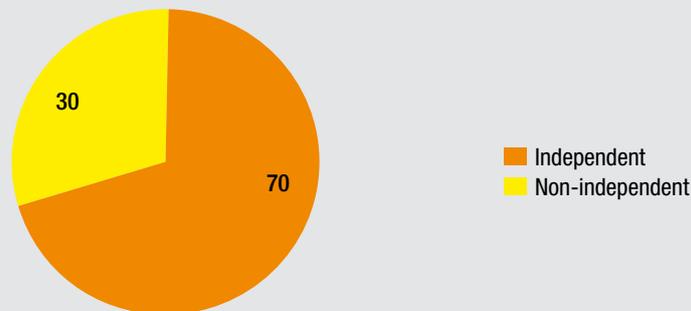
INDEPENDENCE OF DIRECTORS

In accordance with the application criteria stipulated by the Code, the independence of Directors is to be periodically assessed by the Board of Directors based on information

provided by each interested party or available to the issuer. The results of the Board's assessments shall be communicated to the market.

With regard to Directors in office on 12 March 2008, the company's Board of Directors confirmed, and announced to the market, that 16 Directors met the qualification of "independent director":

Composition of the Board of Directors (%)



STATUS AND ACTIVITIES OF DIRECTORS

Board of Directors									
NAME	POSITION	IN OFFICE SINCE	LIST	EXEC.	NON-EXEC.	INDEPEN. AS PER CODE	INDEP. AS PER TUF	% BOARD OF DIRECTORS	OTHER POSITIONS
Dieter Rampl	Chairman	16-12-2005	n/a		X	NO	YES	100%	3
Gianfranco Guty	Deputy Ch. Senior	16-12-2005	n/a		X	YES	YES	100%	-
Franco Bellei	Deputy Ch.	16-12-2005	n/a		X	NO	YES	100%	1
Berardino Libonati	Deputy Ch.	3-8-2007 ¹	n/a		X	YES	YES	100%	2
Fabrizio Palenzona	Deputy Ch.	16-12-2005	n/a		X	NO	YES	92.31%	4
Anthony Wyand	Deputy Ch.	16-12-2005	n/a		X	YES	YES	84.62%	5
Alessandro Profumo	CEO	16-12-2005	n/a	X		NO	NO	100%	3
Manfred Bischoff	Director	16-12-2005	n/a		X	YES	YES	84.62%	2
Vincenzo Calandra Buonauro	Director	16-12-2005	n/a		X	YES	YES	100%	3
Enrico Tommaso Cucchiani	Director	18-9-2007 ²	n/a		X	NO	YES	50%	16
Donato Fontanesi	Director	3-8-2007 ¹	n/a		X	YES	YES	80%	3
Francesco Giacomini	Director	16-12-2005	n/a		X	YES	YES	100%	-
Piero Gnudi	Director	16-12-2005	n/a		X	YES	YES	92.31%	1
Friedrich Kadmoska	Director	16-12-2005	n/a		X	YES	YES	100%	8
Max Dietrich Kley	Director	16-12-2005	n/a		X	YES	YES	84.62%	5
Salvatore Ligresti	Director	3-8-2007 ¹	n/a		X	YES	YES	100%	4
Salvatore Mancuso	Director	3-8-2007 ³	n/a		X	NO	YES	60%	-
Luigi Maramotti	Director	16-12-2005	n/a		X	YES	YES	69.23%	10
Antonio Maria Marocco	Director	20-5-2007 ⁴	n/a		X	YES	YES	87.50%	3
Carlo Pesenti	Director	16-12-2005	n/a		X	YES	YES	69.23%	5
Hans Jürgen Schinzler	Director	16-12-2005	n/a		X	YES	YES	92.31%	11
Nikolaus von Bomhard	Director	16-12-2005	n/a		X	NO	NO	38.46%	2
Franz Zwickl	Director	18-9-2007 ²	n/a		X	YES	YES	100%	8

1. Co-opted on 3 August 2007
2. Co-opted on 18 September 2007
3. Co-opted on 3 August 2007; resigned on 31 March 2008 effective as of 1 April 2008
4. Co-opted on 20 May 2007 and appointed by the Shareholders meeting on 30 July 2007.

LEGEND
Position: Chairman, Senior Deputy Chairman, Chief Executive Officer, Director.
List: M/m depending on whether the Director was elected from the list voted by the majority or by a minority (art. 144 (10) of the Issuer Rules (Consob); n/a: not applicable)
Exec.: Director who qualifies as executive
Non exec.: Director who qualifies as non-executive
Indep. as per Code: Director who qualifies independent according to the criteria set out in the Code
Indep. as per TUF: Director who possesses the independence requirements established by article 148, para. 3 of the TUF (art. 144 (10) of the Issuer Rules (Consob))
% Board of Directors: percentage of the Director's participation in Board meetings (reference is made to the number of meetings that the Director has attended with respect to the number of Board meetings held during the period or after taking up the directorship)
Other positions: Total number of positions held in other companies listed on regulated markets (both in Italy and abroad), including financial services companies, banks, insurance companies or other large companies, identified based on the criteria defined by the Board. There is a list of such companies for each Director attached to the Report on Corporate Governance, specifying whether the company that the position is held in belongs to the group that the Issuer is related to.

The UniCredit Case (CONTINUED)

Board Committees													
NAME	EXEC. COMM. ¹	% EXEC. COMM.	NOMIN. COMM. ¹	% NOMIN. COMM.	CGHRN COMM. ²	% CGHRN COMM.	REMUN. COMM.	% REMUN. COMM.	AUDIT & RISK COMM.	% AUDIT & RISK COMM.	PERM. STRAT. COMM. ²	% PERM. STRAT. COMM.	
Dieter Rampl	Ch	100%	Ch	100%	Ch	100%	Ch	100%	M	90.90%	Ch	100%	
Gianfranco Guty	SV Ch	100%	M	100%	M	100%	M	100%	M	100%	M	100%	
Franco Bellei	DEP. CH.	100%	M	100%	--		M	100%	M ³	100%	M	100%	
Berardino Libonati	DEP. CH.	100%	--		--		--		M	100%	M	100%	
Fabrizio Palenzona	DEP. CH.	87.50%	M	88.89%	--		M	83.33%	--		M	100%	
Anthony Wyand	DEP. CH.	75%	M	77.78%	--		M ³	75%	Ch	100%	M	100%	
Alessandro Profumo	CEO	100%	M	100%	M	75%	--		--		M	100%	
Manfred Bischoff	--		--		--		--		--		M	100%	
Vincenzo Calandra Buonauro	--		--		M	100%	--		--		--		
Francesco Giacomini	M	100%	--		M	100%	--		--		--		
Friedrich Kadnoska	M	100%	--		M	75%	--		--		--		
Max Dietrich Kley	--		M	22.22%	--		M	33.33%	--		--		
Salvatore Mancuso ⁴	--		--		--		M	75%	--		--		
Luigi Maramotti	--		--		M	100%	--		--		M	66.67%	
Carlo Pesenti	--		--		--		M	50%	--		--		
Hans Jürgen Schinzler	--		--		--		--		--		M	66.67%	
Nikolaus von Bomhard	M	25%	--		--		--		--		--		
Franz Zwickl	--		--		--		--		M	100%	--		

1. Valid until 3 August 2007.
2. Since 3 August 2007.
3. Position held until 3 August 2007.
4. Resigned on 31 March 2008 effective as of 1 April 2008.

LEGEND
Exec. Comm.: Executive Committee; specify Ch/M for Chairman or Member of the Executive Committee
% Exec. Comm.: percentage of Director's participation in the Executive Committee meetings (reference is made to the number of meetings that the Director has attended with respect to the number of Executive Committee meetings held during the period or after taking up the office).
Nom. Comm.: Nomination Committee;
CGHRN Comm.: Corporate Governance, HR and Nomination Committee
Rem. Comm.: Remuneration Committee
Audit & Risk Comm.: Audit & Risk Committee
Perm. Strat. Comm.: Permanent Strategic Committee
% Nom. Comm., CGHRN Comm., Rem. Comm., Audit & Risk Comm., Perm. Strat. Comm.: percentage of the Director's participation in the Committee meetings (reference is made to the number of meetings that the Director has attended with respect to the number of Committee meetings held during the period or after taking up the office)
Ch/M: for Chairman or Member of the Committee

Committees of the Board of Directors⁵

To ensure an effective and efficient reporting and consultation system that will enable the Board of Directors to perform its functions in the best possible manner, several Committees have been created within the Board, as recommended in the Code, each with specific

areas of competence, for the purpose of providing consultation and proposals.

In order to further improve governance-related processes and models and oversee key aspects of UniCredit Group's operations, and in keeping with international best practices, at its meeting on 3 August 2007, the Board of Directors revised the Committees structure as follows:

- Permanent Strategic Committee
- Internal Control & Risks Committee
- Corporate Governance, HR and Nomination Committee
- Remuneration Committee

PERMANENT STRATEGIC COMMITTEE

The Permanent Strategic Committee is comprised of ten members, the majority of whom are non-executive Directors.

5. For full details on the duties of the Committees of the Board of Directors, please refer to the Corporate Governance chapter of the UniCredit Group 2007 Annual Report - Annual Review.

The Committee is chaired by the Chairman of the Board and carries out consultative and proposal-making functions. Specifically, the Permanent Strategic Committee provides opinions to the Board in response to proposals made by the CEO to the Board concerning, inter alia:

- a) the preparation of UniCredit Group's Three-Year Plan;
- b) the determination of UniCredit Group's Annual Budget;
- c) the determination of UniCredit Group's annual Capital Allocation;
- d) the identification of UniCredit Group's annual strategy concerning equity investment transactions (M&A/reorganizations);
- e) the approval of equity investment transactions and extraordinary transactions.

AUDIT & RISKS COMMITTEE (RENAMED THE INTERNAL CONTROL AND RISKS COMMITTEE AS OF 22 JANUARY 2008)

The Audit & Risks Committee is comprised of five non-executive Directors, the majority of whom are independent, and carries out consultative and proposal-making functions. Among other duties, the Audit & Risks Committee:

- a) assists the Board of Directors in issuing guidelines for the internal control system and, at least annually, inspects their adequacy, efficiency and effectiveness and ensures that the main business risks are correctly identified and appropriately measured, managed and monitored;
- b) analyzes UniCredit Group's guidelines for auditing activities and assesses the annual control plan prepared by the head of the Internal Audit Department, receives periodic reports and may request the performance of specific audit activities not covered in the annual plan;
- c) reviews information received from the nominated official in charge of preparing

accounting and corporate documents concerning the proper application of accounting principles and their standardization for the purposes of preparing consolidated accounts;

- d) reviews quarterly and semi-annual accounts and the Annual Report on the basis of reports prepared by the nominated official in charge of preparing accounting and corporate documents.

CORPORATE GOVERNANCE, HR AND NOMINATION COMMITTEE

The Corporate Governance, HR and Nomination Committee is comprised of seven members, the majority of whom are non-executive and independent Directors, and its duties are to make proposals and provide advice. Specifically, the Committee provides opinions to the Board in response to proposals made by the Chairman or CEO to the Board concerning, inter alia:

- a) the establishment of UniCredit Group's Corporate Governance system, corporate structure and UniCredit Group's governance models and guidelines;
- b) the establishment of the policy for the appointment of UniCredit Group's Directors and the policy for the assessment of the Board;
- c) the appointment of members of the CEO office and other members of the Management Committee (Senior Executive Vice Presidents), members of general management and department managers who report directly to the CEO;
- d) the establishment of policies concerning the appointment and succession plan for members of the CEO office, members of the Management Committee (Senior Executive Vice Presidents), Group Management Team (Executive Vice Presidents) and Leadership Team (Senior Vice Presidents);
- e) appointments of members of UniCredit Group's Board Committees at the proposal of the Chairman.

REMUNERATION COMMITTEE

The Remuneration Committee is comprised of seven members, the majority of whom are independent Directors. It carries out consultative and proposal-making functions. Specifically, the Remuneration Committee provides opinions to the Board in response to proposals made by the CEO to the Board concerning, inter alia:

- a) the remuneration of UniCredit Group Directors with specific functions, and especially with regard to the remuneration of the CEO;
- b) the remuneration of UniCredit Group's General Manager if the latter is also the CEO;
- c) the compensation structure for members of the CEO office;
- d) the remuneration policy for members of the Management Committee (Senior Executive Vice Presidents), Group Management Team (Executive Vice Presidents), Leadership Team (Senior Vice Presidents) and department heads who report directly to the CEO;
- e) approval of UniCredit Group incentive plans based on financial instruments;
- f) the remuneration policy for company representatives (members of the Boards of Directors, Boards of Auditors and Supervisory Boards of UniCredit Group companies).

Board of Statutory Auditors

Five standing Statutory Auditors are elected by an ordinary shareholders' meeting. A Chairman and two alternate Auditors are appointed. The standing and alternate Auditors may be re-elected.

The standing and alternate members of the Board of Statutory Auditors are selected from lists of candidates.

The UniCredit Case (CONTINUED)

The Board of Statutory Auditors was appointed by the shareholders at a meeting in May 2007 and remains in office until the approval of the accounts for 2009. The Board is made up of Messrs. Giorgio Loli (Chairman), Gian Luigi Francardo, Siegfried Mayr, Aldo Milanese and Vincenzo Nicastro (standing auditors). Massimo Livatino and Giuseppe Verrascina are alternate Statutory Auditors.

Other control functions

The governance of UniCredit Group's risks is defined by a series of guidelines and policies, regarding in particular credit and

market risks and operations. The guidelines are approved by competent organs of the Group Leadership (i.e., the Administrative Committee and the Risk Committee of the Board) and circulated to all relevant UniCredit Group entities.

In the discipline of compliance, the risk of non-compliance is controlled and limited by means of a dedicated office that integrates and executes the structure of internal controls at the bank.

According to MIFID, these organizational control structures perform a primary role in protecting the investor.

Compliance

The reorganization of the Compliance Department at the UniCredit Group level was approved with the implementation of Holding Company Internal Regulation No. 162/1. This reorganization was made in recognition of the importance and complexity of compliance risk (i.e., the risk of incurring judicial or administrative sanctions and the potential for significant financial loss or damage to the UniCredit Group's reputation due to breaches of mandatory rules as defined by relevant laws, regulations and self-regulations) in line with the Italian Regulatory provisions.

The new organizational model for the Compliance Department provides that Compliance activities, currently handled by the Italian Legal Entities of the UniCredit Group, are to be centralized within the Holding Company, which will provide compliance services on an outsourced contract basis.

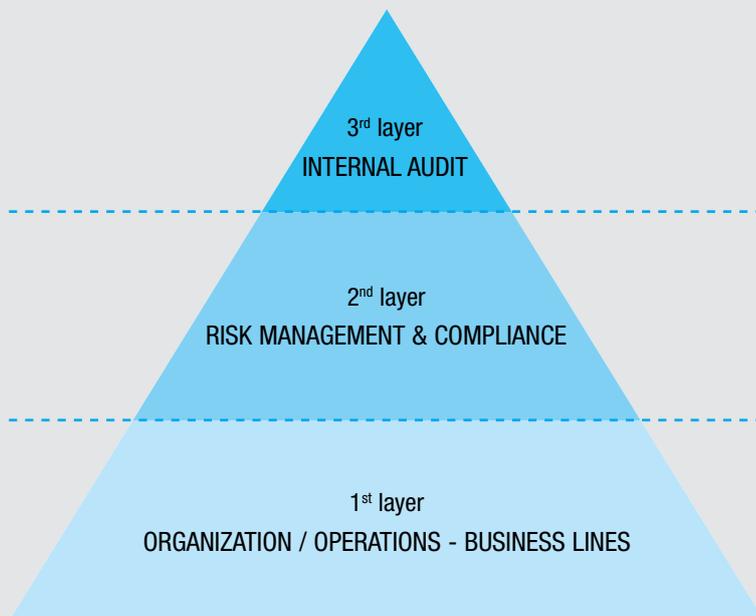
While this model will apply to all Italian Legal Entities, the holding company will also provide supervision, strategic guidance and control in the case of foreign Legal Entities and Sub-holdings. This arrangement provides a practical solution to the varied, country-specific legislation related to compliance and ensures a consistent group-wide approach to compliance.

The role of the Compliance Department

The regulations of Bank of Italy and Consob (*Commissione Nazionale per le Società e la Borsa*) detail the primary duties of the compliance office in banking and financial services.

In accordance with these provisions, the Compliance Department:

LAYERS OF THE INTERNAL CONTROL SYSTEM



- conducts legal interpretation and continuous identification of applicable laws. This is accomplished through the issuance of Group Policies;
- handles requests made by other entities and departments and provides opinions;
- provides support for the evaluation of the potential impact on company strategies and processes of new laws;
- conducts preliminary compliance evaluations of products, procedures, structures and projects within its own boundaries of competence and assesses the effectiveness of recommended changes;
- monitors, in cooperation with the HR function, the coherence of the system of rewards to assure consistency with compliance objectives;
- provides counsel and assistance to Top Management in all non-compliance risk matters;
- cooperates in learning activities;
- maps non-compliance risks and plans related activities;
- provides information to top corporate bodies and other company's functions;
- monitors, manages and prevents conflicts of interest.

The role of the Department is to create/consolidate value for the UniCredit Group: it is an originator and an agent of significant cultural change, influencing corporate culture at all levels. Through its work, it maintains the continuing high level of public confidence in the integrity of UniCredit Group's operations and management.

To facilitate the central management of disparate regulatory regimes in foreign countries, the UniCredit Group proposes the identification of Compliance Officers in each country where the UniCredit Group is present to liaise with the Chief Compliance

Officer at the UniCredit Group level. The Compliance Officer of the main Legal Entity of each country is also responsible for the monitoring and oversight of the other Legal Entities within his/her country. The Bank Austria Compliance Officer also oversees Legal Entities in each country within the Central and Eastern Europe (CEE) Division.

Anti-corruption and administrative responsibility: Legislative Decree 231/2001⁶

In Italy, UniCredit Group's strategy for the prevention of corruption is encompassed in an *Organizational and Management Model According to Provisions of Art.6 of Legislative Decree 231/2001 Establishing the Administrative Responsibility of Companies* (the "Model").

This Model is part of a wider Group policy that is enforced through initiatives that involve all UniCredit Group employees. These initiatives seek to raise awareness of each employee's responsibility for the transparent and forthright management of the company and its compliance with laws and upright business principles in the workplace.

In order to enforce the Model, UniCredit Group has issued several internal regulations which lay out the principles by which all employees are to conduct their daily working lives.

In order to monitor corruption-related risk, the internal regulations adopted by the UniCredit Group address certain activities in which the UniCredit Group could become

vulnerable and propose several steps in an effort to mitigate risk:

- In all interactions with public authorities, employees must strictly adhere to the regulations set forth in the Integrity Charter and maintain a transparent, loyal and collaborative approach;
- When public officials make site visits, two employees must be present, where practical, in order to mitigate the risk of conduct that might improperly affect the examiner.

Particular attention is to be paid to contributions to public officials that could be construed as bribery. Contributions and sponsorships in particular are subject to a strict authorization procedure.

At the time of the development of UniCredito Italiano S.p.A.'s Organizational and Managerial model, a corruption risk map was made that included all Organizational Units in Italy. As a result of this assessment, approximately 11 Units were indicated to be of high risk.

During 2007 we have begun a new assessment to cope with the many changes in UniCredit Group's structure and to stay current with Legislative Decree 231/2001. To date, ten of the 115 existing Operational Units have been assessed. Sixty more operational units will be assessed during the first few months of 2008.

Anti-competition laws and regulations

Monitoring and evaluation of antitrust laws are a part of the wider duties of the UniCredit Group's Compliance Department. This includes the interpretation of law, the monitoring of new legislation and the assessment of its impact on the strategies and processes of the UniCredit Group.

6. Legislative decree 231/2001 is Italian legislation.

Compliance (CONTINUED)

The Compliance Department examines antitrust law and regulations issued by the Authority for Competition (“Antitrust Authority”) and, in relation to European legislation, has participated since the beginning in the process of its definition in cooperation with the *Institutional Relations with the European Union* function.

Pursuant to the decision of the Italian Antitrust Authority No. 17283/2007, which cleared the way for the merger of Capitalia S.p.A. into UniCredit S.p.A. at the end of October 2007, UniCredit started the process, still ongoing, of selling 186 branches located in 16 Italian provinces in order to eliminate any anti-competitive effects in the provinces with significant market share concentration.

Lawsuits / claims connected with antitrust issues

The following section provides summary information on three lawsuits and/or claims connected with antitrust issues:

- Bank BPH S.A. was sued in the Antitrust Court by the Antitrust Office (UOKiK). The suit alleged that BPH along with a number of other banks had engaged in the forbidden practice of price-fixing interchange fees. On 19 January 2007, BPH S.A. appealed the Court’s decision and fine in the amount of Zloty 14,667,240 to the Regional Antitrust Court. The appeal may last between one and two years. BPH S.A. and the other banks have combined their lawsuits into one common suit. An expert witness will support the banks’ appeal and perform a detailed audit of the credit card market.



After the split, the New BPH and Pekao S.A. entered into a post-merger agreement which established that Pekao will participate pro rata in any costs in the event the verdict of the Antitrust Court is unsatisfactory to BPH S.A. In the agreement, Bank Pekao S.A. committed itself to pay 66% of the above-referenced penalty.

- Bank Pekao S.A. appealed the decision of the President of the Office for Competition and Consumer Protection (UOKiK) relating to the establishment of equal level of the Interchange Fee limits.
- BA-CA paid a fine for alleged illegal fixing of interest rates. In addition, the company is undertaking several initiatives to comply with the points raised by the Commission and the Austrian Antitrust Authority during a 2006 inquiry into the retail banking sector.

Reputation management

A key element in our path to sustainable growth is our reputation, including the trust we earn from our stakeholders, rating agencies, government bodies and the public through our daily business activities.

This section discusses the role of our Integrity Charter, how we manage our reputation and methods by which we develop internal policies with our stakeholders.

Leading with the Integrity Charter

One of the ways we have built our reputation is by placing our Integrity Charter front and center in everything we do. As the framework through which we pursue principled business behavior and sustainable growth, it helps us to manage dilemmas that may arise in daily life. It reminds us of the values that are indispensable to doing our job well, to safeguarding our company’s reputation and to enhancing our social legitimacy. It helps keep us focused on the duties and responsibilities that come with being part of the community, and it reminds us always to be committed to transparency and to truth.

Managing our reputation

Our reputation is one of the most valuable and hard-to-build assets of UniCredit Group and at the same time is one of our most fragile assets, in need of constant protection.

To manage reputation, we have to identify its various sources, quantify its impacts and assess its possible consequences. In addition, we have to understand how rapidly the world is changing and how these rapid

changes affect our definition of good and proper management.

Our framework to tackle reputational risk is twofold. First, we will develop a full-fledged Reputation Risk Monitoring System aimed at constantly assessing how reputational risk issues might affect our business. Second, we will develop internal social and environmental safeguard policies in order to ensure adherence to our guiding principles across the UniCredit Group.

The Reputation Risk Monitoring System, once fully operational, will monitor the key drivers of reputation by means of internal and external measurements, advance detection of critical events and avoidance of reputation impairment. It will also provide a selection process for corrective initiatives and forecasts of relevant impacts.

Developing internal policies in cooperation with our stakeholders

As our internal policies have developed on this front, we have focused primarily on the most vital issues for our stakeholders, and we have engaged them - particularly our customers and non-governmental organizations - in an ongoing open dialogue. We do this because we respect and value their views about the forces that affect our business and because we seek to base our long-term strategy upon the most progressive ideas and research. Our approach is to consider all viewpoints, to keep communication channels open, to understand and monitor reputational, environmental and social issues and to seek solutions that are truly in the best interests of our stakeholders and the reputation of UniCredit Group.

In developing our policies, we strongly rely on the contributions of NGOs with relevant expertise. In 2007, we increased the scope of our dialogue with NGOs, and we seek to develop those contacts. Our engagements have involved a wide variety of NGOs, including WWF Germany and Italy, Greenpeace, Friends of the Earth Italy, Urgewald and BankTrack. In December we were among a group of 25 Equator Principles Financial Institutions that met with 15 NGOs in Amsterdam to discuss a variety of issues encompassing governance, transparency and grievance mechanisms at the project level.

Our policies are in accordance with World Bank Standards (IFC Performance Standards and World Bank EHS Guidelines) and the Equator Principles. As signatories to the United Nations Environment Programme Finance Initiative (UNEP FI) and of the UN Global Compact, UniCredit Group has clearly signaled its commitment to the development of multilateral solutions to society's most pressing social and environmental challenges.

In 2007, UniCredit Group was particularly focused on two industries: the defense industry and the nuclear energy sector. This focus was conceived in order to define group-wide ad hoc financing policies for projects within these industries. We share these policies with key NGOs. For further information, please refer to the "Responsible Lending" section of the "Our Customers" chapter.



Our people

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Maximizing our human capital is a constant process at UniCredit Group. We fully understand that our people are key assets in our pursuit of sustainable growth. This is why People Management is one of the four pillars on which our “empowering sustainability” strategy has been built.

Our workforce now numbers 179,938 individuals, and our network covers approximately 50 countries. Successfully managing diversity and promoting international mobility are core strengths of our human resources team, and we aim to become the employer of choice in all of our markets.

Two-way, open communication is at the heart of our efforts. We communicate organizational changes across the entire UniCredit Group, consider unions to be partners and stakeholders and integrate feedback from our annual “People Survey” into the annual Executive Development Plan. The resulting action plans are considered binding documents that must be respected by our leadership at every level.

We have robust and efficient recruitment processes that are consistent with our values and competency models; we always consider local residents for local needs; and we make assignments to non-resident employees or managers when they are clearly productive to the causes of group integration and cross-fertilization.

In presenting the salient developments in Human Resources at UniCredit Group, we have organized our sustainability-related activities into the following categories:

1. **Key initiatives**, providing a brief spotlight on two of our proudest achievements in HR;
2. **A portrait in numbers**, offering an in-depth analysis of the UniCredit Group workforce and its composition, providing data on distributions by geography, gender, educational level and contract terms;
3. **Compensation**, providing an overview of our compensation and remuneration philosophy and methodology;
4. **Diversity**, including our current work on supporting and broadening diversity in our already highly multicultural workforce;
5. **Career development**, offering a survey of our programs designed to nurture and leverage our valuable human assets, including the Job Posting intranet portlet and international mobility programs;
6. **Training programs**, including a broad array of learning and skills programs, ranging from basic technical training to courses designed to sharpen managerial skills;
7. **Listening and communications**, an introduction to our expansive internal communications offerings, from the People Survey initiatives to online outreach and networks;
8. **Labor relations**, providing an update on our activities related to engaging and collaborating with our superb workforce;
9. **Work-Life Balance and Welfare**, including a concise description of pension and healthcare offerings at UniCredit Group;
10. **Health and safety**, offering a detailed account of our initiatives aimed at ensuring our people a safe and wholesome work environment, including the training programs and instructional drills in place to guarantee that our employees are prepared for any emergency;
11. **Appendix on industrial relations**, providing performance charts and additional data.

UniCredit Group has rapidly expanded through acquisitions and mergers in recent years, and our HR programs and processes have expanded with it. In managing these integrations, our approach to our people has always been based upon our values.

In order to leverage the human capital of acquired companies, we make a practice of first conducting a professional and thorough assessment of existing technical and managerial competencies. We universally seek to attain consistency across the board. We remain committed to the creation of a single corporate culture that respects distinct entrepreneurial traditions, deep local roots and the power and value of diversity.

Key initiatives

This section introduces some of our key initiatives, including the *Digi-Simplification* project, the new HR delivery model and the UniCredit European Works Council.

A transformational realignment

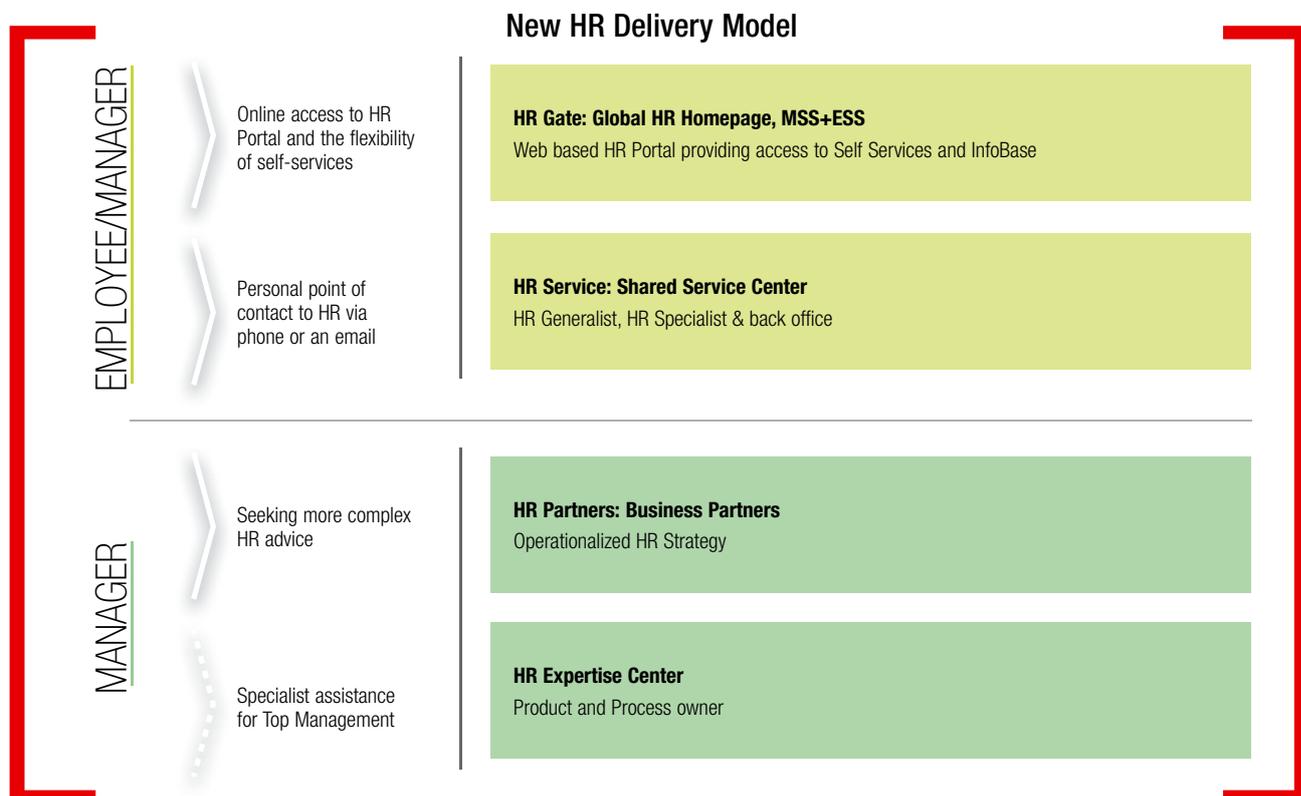
In the last few years, we have begun to transform Human Resources into a more customer-oriented department. The *Digi-Simplification* project, representing a major three-year investment, is a key initiative that will radically enhance the efficiency, responsiveness and transparency of our operations.

The *Digi-Simplification* project aims to strengthen business partnerships, harmonize UniCredit Group culture and achieve cost savings. In order to reach these goals the project will align HR processes throughout UniCredit Group by using the same IT solution group-wide (based on a SAP system) to provide managers with reliable data and employees with transparent and accessible HR information.

The project began at the end of 2006. The first phase consisted of mapping and describing main managerial and administrative processes. As a result, we brought aspects of our new Headcount Report Management system online in 2007 for testing. We will implement new SAP solutions, collect data from additional countries and open Shared Service Centers.

LAUNCHING A NEW MODEL

The *Digi-Simplification* project will introduce our new HR Delivery Model, which focuses on “Treating Colleagues as Customers”. This model has four key aspects. *First*, it features the improvement of web-based, self-service features in the HR Portal for Managers (“Manager Self-Service” or “MSS”) and employees (“Employee Self-Service” or “ESS”). *Second*, it introduces Shared Service Centers as regional, central points of contact for all HR matters. *Third*, it provides for the empowerment of Line Managers in terms of managing their staffs. *Finally*, it creates the new position of the HR Business Partner, who acts as an advisor and consultant to managers and executives on issues of general HR strategy.

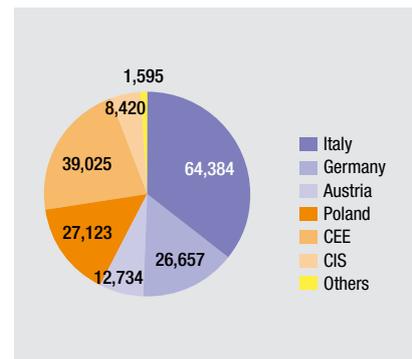


Our people: a portrait in numbers¹

Highlighting group-wide consultations

In 2007, we also established the UniCredit European Works Council. The council follows from an innovative agreement concluded with the Special Negotiating Body highlighting the importance of group-wide employee consultations. The agreement also paves the way for joint declarations in key areas including training, health and safety and equal opportunity policies.

Number of UniCredit Group employees by country and region, 2007		
	2007	% OF TOTAL
Italy ²	64,384	35.78%
Germany	26,657	14.81%
Austria	12,734	7.08%
Poland	27,123	15.07%
CEE	39,025	21.69%
CIS	8,420	4.68%
Others	1,595	0.89%
Total	179,938	100.00%

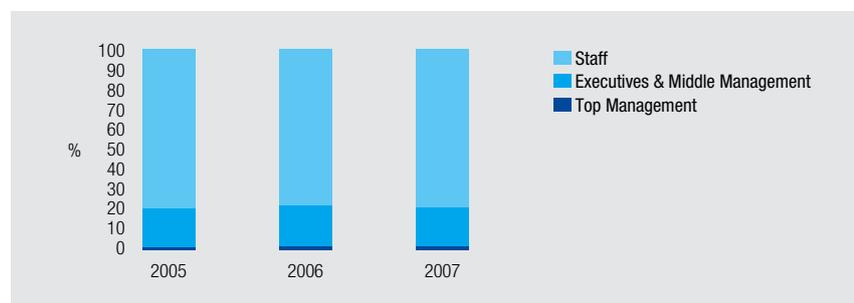


The majority of UniCredit Group employees are from Italy and the CEE, followed by Poland, Germany and Austria.

UniCredit Group, with three percent of its employees (5,439) being protected class employees in 2007, complies with all national regulations regarding protected class employees.

Number of UniCredit Group employees by employment tier, 2005-2007 ³						
	2005	%	2006	%	2007	%
Top Management	1,498	1.01%	1,719	1.17%	1,959	1.27%
Executive & Middle Management	30,414	20.47%	31,332	21.25%	30,842	20.07%
Staff	116,638	78.52%	114,410	77.59%	120,861	78.65%
Total	148,550	100%	147,461	100%	153,662	100%

The distribution of our employees has remained relatively stable over the past three years.



1. In figures and in all following charts and tables in this chapter, CEE includes the Baltic states, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Serbia, Slovakia, Slovenia and Turkey; CIS includes Kazakhstan, Russia and Ukraine; Others includes Ireland, Japan, Luxembourg and USA; Headcount is as of 31 December 2007.

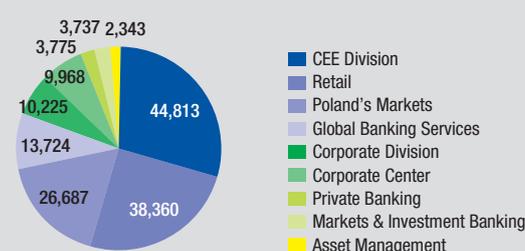
2. This is the only data in this chapter that includes Capitalia's 26,276 employees. The data differs from the 2007 UniCredit Group Annual Report: Annual Review because these figures represent "headcount" whereas the Annual Report: Annual Review figures represent "Full-Time Equivalent (FTE)".

3. "Top Management" in Italy includes the *Dirigenti*, and in all other territories includes CEOs, first-liners (CFO, COO, CRO, etc.), Board Members and Division Heads; "Executive and Middle Management" in Italy includes the *Quadri* (Q1, Q2, Q3, and Q4) and in all other territories includes second and third-liners (Directors, Divisional/Branch Managers, Heads of Units/Departments and Deputies, etc.); "Staff" in Italy includes the *Categorie Professionali* and in all other territories includes all other employees.

The CEE Division is the largest in terms of employees in UniCredit Group, while the Asset Management Division is the smallest.

The percentage of UniCredit Group employees by contract type has remained relatively stable since 2005, with the biggest change being the slight increase in the percentage of full-time staff in 2007 as compared to 2006.

Number of UniCredit Group employees by Business Division, 2007⁴



Percentage of UniCredit Group employees by contract type, 2005-2007 (part-time vs. full-time)

	2005		2006		2007	
	PT	FT	PT	FT	PT	FT
Executive & Middle Management	0.54%	19.93%	0.68%	20.57%	0.56%	19.51%
Staff	8.39%	70.13%	8.17%	69.42%	7.89%	70.76%

Germany and Poland have the highest percentage of fixed term contracts, while Italy and the CIS have the lowest.

Percentage of UniCredit Group employees by contract type, 2007⁵ (fixed term vs. not fixed)

	FIXED	NOT FIXED
Italy	2.24%	97.76%
Germany	6.05%	93.95%
Austria	2.48%	97.52%
Poland	6.83%	93.17%
CEE	2.99%	97.01%
CIS	1.03%	98.97%
Others	4.20%	95.80%

Different ages groups are well-represented at all organizational levels with the exception of young employees (up to 30 years), which are highly represented in the Remaining Staff category because most entry-level positions are at this level.

Percentage of UniCredit Group employees by age, 2007

	TOP MANAGEMENT	EXECUTIVE & MIDDLE MANAGEMENT	REMAINING STAFF
Above 50 years	31%	21%	14%
41-50 years	45%	38%	24%
31-40 years	23%	36%	32%
up to 30 years	1%	5%	29%
Total	100%	100%	100%

Percentage of UniCredit Group Employees by education level, 2007⁶

	TOP MANAGEMENT	EXECUTIVE & MIDDLE MANAGEMENT	REMAINING STAFF
Advanced Degree	10.61%	5.04%	2.09%
Bachelor's Degree	55.03%	45.57%	42.99%
High School Diploma	31.39%	46.55%	46.29%
Others	2.97%	2.84%	8.63%
Total	100.00%	100.00%	100.00%

4. The Corporate Center refers to the functions dealing with coordination of guidance, support and control within UniCredit Group.

5. Regional designations are as above.
In European business terms, a "fixed contract" refers to an employment arrangement terminating by a fixed date; "not fixed" refers to employment arrangements intended to continue indefinitely.

6. Headcount is as of 31 December 2007 and includes only 90% of the total number of employees.

Compensation

Within UniCredit Group, we base our remuneration and incentive plans on common principles with a view to achieving our strategic objectives, while recognizing personal effort and directing motivation towards the medium and long term.

Our assessment, remuneration and incentives systems aim to achieve higher levels of excellence among our people.

Compensation philosophy

Our compensation philosophy has its foundation in performance management.

UniCredit Group performance management is based on:

- performance appraisal: we take into consideration results (individual and business ones) as well as the competencies and values of our competency model;
- compensation and benefits: we constantly review our compensation structure to assure the alignment with UniCredit Group strategic priorities and current market practices. Within the job analysis process we use broadbands in order to facilitate organizational flexibility, encourage individual career development and ensure market competitiveness.

Compensation methodology

Components of Compensation Package:

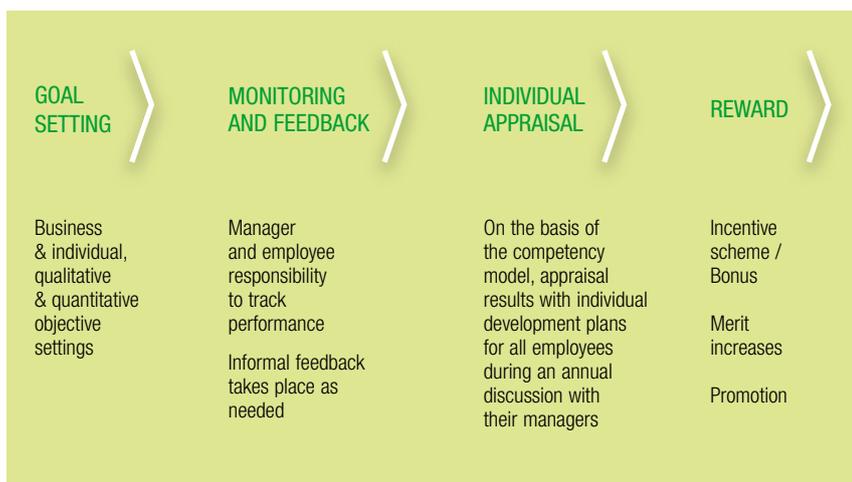
- base salary: related to experience, responsibilities and skills;
- variable annual incentive: closely related to the performance of the individual over the year.

The package also offers colleagues a number of benefits:

- financial facilities: to provide support at key moments in their lives, including provision of our group's professional services and skills;
- supplementary social security plans: to provide substantial guarantees for staff well-being on retirement;
- supplementary health benefit plans: to provide healthcare guarantees for staff well-being.

Performance management stages

In most countries, the percentage of employees involved in the performance assessment process is well above 70%.



Diversity

UniCredit Group's ability to attract, develop and retain talented employees at all levels is crucial to fulfilling the organization's needs for leadership, continuity and stability in order to produce sustainable business results.

UniCredit Group aims to become an employer of choice in every market in which it has a presence. Therefore, Diversity plays a central part in our People Management philosophy and practices.

A new strategic approach

We are developing a new Diversity management strategy that is currently focused on developing an international outlook and a proper valuation of women's potential as a starting point for this key initiative.

TOWARDS AN INTERNATIONAL OUTLOOK

Our first priority is to shift from a multi-local to an international outlook. A key part of this shift involves the development of the UniCredit Group Leadership Team based on a clearly articulated UniCredit Group Leadership Competency Model.

The UniCredit Group Leadership Competency Model addresses four areas and 12 competencies, one of which is "Embrace Diversity, Be Globally Connected". We are working to make sure that our leadership teams, our people management approach and our internal communications enhance the sustainability of our business by reflecting and respecting the different nationalities and cultures that are vital parts of our network.

PROPER VALUATION OF WOMEN'S POTENTIAL

Our second priority is to upgrade our strategic approach to women's career

development. It is essential that we continue to properly value and fully deploy our human capital throughout UniCredit Group. By doing so, we will be ideally placed to successfully compete for top talents.

“BEYOND PARITY”

During 2007, the HR department of the Retail Division developed a project called “Beyond Parity” within the wider Diversity Management project.

The project recognizes the value created by the many talented women in the Retail Division. Tightly linked with this initiative, we established the Equal Opportunities Committee in 2007. Composed of management delegates and trade-union representatives, the committee is charged with generating positive action plans in the arena of equal opportunities.

One of the most important aspects of “Beyond Parity” has been the “listening” initiative. Promoted by UniCredit Banca through a survey, “Women in UniCredit Banca,” it represents a concrete commitment to equal opportunities at the company.

The survey is addressed to all the female personnel at the bank and is designed to synthesize opinions and inputs relating to issues that bear on all our professional lives.

The survey is organized according to professional development and growth, job satisfaction and motivation, fairness and work-life balance (including family leave and part-time options).

We expect this survey, along with our other listening initiatives (including the annual survey on overall workplace conditions), to be of great use and benefit to our company.

We understand that a positive dialogue for our people must necessarily also be positive for the bank, and we encourage the growth of new ideas and performance-oriented solutions.

A new organizational approach

Over the past few years, we have also adopted a new organizational approach to Diversity management.

Our actions in this area include creating dedicated positions, designing learning programs, supporting new initiatives and appointing a Diversity Program Manager.

SUPPORTING DEDICATED POSITIONS

We support organizational positions dedicated to Diversity management within some of our largest Divisions in Italy, Germany and Austria. These positions are imbued with responsibility for the implementation of programs with dedicated budgets, including childcare, talent development initiatives and mentoring programs designed to foster and support women’s professional development.

DESIGNING LEARNING PROGRAMS

We designed a learning program entitled “Cross-Cultural Diversity and Inclusion”. The program is now available at our UniManagement training facility, which is discussed in detail in the following sections.

SUPPORTING NEW INITIATIVES

We continue to support new initiatives. For example, in 2007 we proactively opted to participate in Italy’s experimental phase of the “Bollino Rosa – SONO” project (“Pink Ribbon – Same Opportunities, New Opportunities”). Launched by the Italian Ministry for Employment and Social Security, this program is aimed at developing a gender-equality certification system. For now, the program is a voluntary system that enables private and public companies and organizations to demonstrate their commitment to real non-discriminatory strategies and practices. The results of the project will be available in the first half of 2008.

THE DIVERSITY PROGRAM MANAGER

Since 2007, a Diversity Program Manager has been appointed at UniCredit Group level, as a member of the Executive Development Unit. Some projects undertaken in association with this office include an initiative to increase the number of women in leadership positions, which will be defined and implemented in 2008, and an enhanced focus on women’s promotions to leadership roles and access to development opportunities, making use of such existing HR programs as the Executive Development Plan.

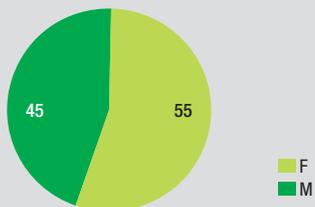
On a group-wide basis, while women received more promotions than men in 2007, these figures generally reflect the group’s overall gender composition.

Percentage of female UniCredit Group employees with part-time contracts out of all women by organizational tier

	2005	2006	2007
Executive & Middle Management	0.76%	0.93%	0.84%
Staff	13.24%	12.76%	12.32%

Diversity (CONTINUED)

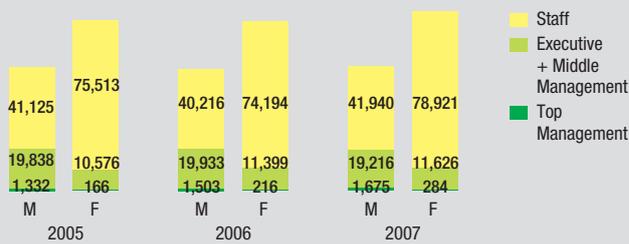
Promotions to higher contractual job grade by gender (%)



Percentage of UniCredit employees by gender, contract type (fixed vs. not fixed) and country/region, 2007

	M		F	
	FIXED	NOT FIXED	FIXED	NOT FIXED
Italy	1.02%	56.83%	1.22%	40.93%
Germany	2.43%	42.51%	3.62%	51.43%
Austria	0.93%	43.28%	1.55%	54.24%
Poland	2.09%	21.35%	4.73%	71.83%
CEE	0.83%	31.72%	2.16%	65.29%
CIS	0.50%	35.63%	0.53%	63.34%
Others	0.75%	55.76%	3.45%	40.04%

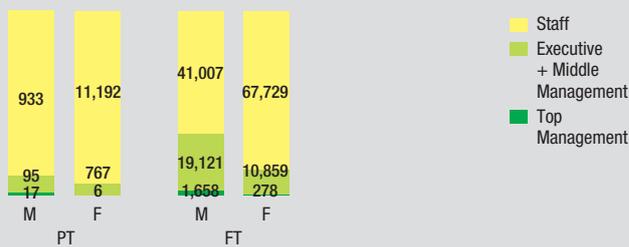
Number of UniCredit Group employees by employment tier and gender, 2005-2007



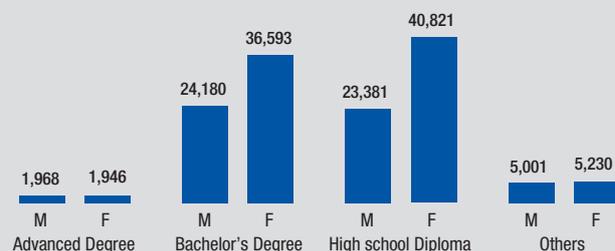
Although there has been a slight increase in the number of female top managers, men continue to dominate the top employment tier.

7. Headcount is as of 31 December 2007 and includes only 90% of the total number of employees.

Number of UniCredit Group employees by contract type, organizational tier and gender, 2007



Number of UniCredit Group employees by educational level and gender, 2007⁷



Career development

UniCredit Group heavily invests in developing our people's leadership and professional skills. We design methods and means to identify and develop competencies at both the individual level and across UniCredit Group as a whole.

We run a variety of programs to match the diverse needs of our employees, and all of them are based on a common principle: a culture of continuous feedback designed to nurture development. One of the many benefits of this approach is that we are constantly developing a strong UniCredit Group Leadership Team.

The sharp focus on development at UniCredit People Management strengthens our employees' shared sense of identity, affiliation and purpose. The program enables us to invest in qualified people through dedicated development processes, to guarantee equity and transparency in managing appraisal and development processes throughout UniCredit Group, to leverage our international structure, to take advantage of cross-cultural opportunities and to invest in our Diversity.

Accordingly, this section describes how we implement specialized appraisal and development processes, facilitate international mobility and connect people with positions.

Specialized appraisal and development processes

We have developed different appraisal and development processes for different groups of employees. These processes include the Executive Development Plan, the Talent Management Review and a Performance Management System.

DEVELOPING LEADERSHIP

The Executive Development Plan (EDP) is the centerpiece of our effort to develop leadership across UniCredit Group. Its central objective is to accelerate the professional growth of UniCredit Group leaders by means of a culture of feedback and continuous development. About 1600 executives were involved in the process in 2007.

NURTURING TALENT

The Talent Management Review is dedicated to those professionals who demonstrate the potential to achieve UniCredit Group leadership roles. The program is focused on the early identification of UniCredit Group talent to feed the pipeline for next-generation leadership. About 400 employees were involved in 2007.

LINKING PERFORMANCE TO VALUES

A Performance Management System is also in place in most countries. Employees are evaluated according to a Competency Model that assesses the consistency between their achievement of established targets and the suitability of the manner in which they are achieved. The core competencies and behaviors in question are aligned with the UniCredit Group Integrity Charter.

Facilitating international mobility

Our International Mobility Project has become a powerful and enriching career development tool, exceeding its origins as a means of aligning group business models. Designed to ensure that the best resources were properly matched to the most appropriate positions, the project continues to target and draw in an increasing number of talented and highly skilled personnel.

In the past cross-border transfers mainly consisted of senior managers charged with carrying out diplomatic roles to or from branches and representative offices worldwide. This traditional approach has changed in recent years as international work experiences are crafted to facilitate career growth, exposure to diverse work styles and the development of talent.

Increasingly, non-executives are being tapped for international assignments.

Number of cross-border transfers by host country, 2007

COUNTRY	EXECUTIVE	MIDDLE MANAGEMENT & REMAINING STAFF	TOTAL
Italy	10	58	68
Germany	10	19	29
Austria	11	26	37
Poland	9	14	23
CEE	48	39	87
CIS	9	8	17
Other	21	51	72
Total	118	215	333

Career development (CONTINUED)

Connecting people with positions

UniCredit Group makes it easy for its people to find or fill open positions through Job Posting, an online tool launched in October 2003 that promotes internal mobility and helps employees meet their personal and professional goals.

PROMOTING INTERNAL MOBILITY

The Job Posting portlet, accessible to all our employees, allows them to identify and monitor internal career opportunities, interact with colleagues directly and transparently, stimulate intercultural and professional exchanges and identify and encourage internal competencies. Since 2003, the Job Posting portlet has steadily become a means for our employees to seek out international postings. Since its inception, more than 15,000 colleagues have submitted their curricula vitae.

MEETING PERSONAL AND PROFESSIONAL GOALS

All colleagues are authorized to apply through Job Posting as long as they have been with UniCredit Group for at least two years and in their current jobs for at least one year. Specific job requirements for the posting are specified by the posting entity. Candidates are pre-screened centrally and then forwarded to the appropriate HR office. The selected candidates are interviewed, and the successful ones are then transferred, taking care to respect the timeframe needs of the candidate's previous office.

Training programs

At UniCredit Group, we offer our employees opportunities and tools to help them shape their careers. For us, investing in our people is the natural way to develop a sustainable business capable of meeting the long-term challenges posed by an increasingly global and complex market.

This section details our approach to learning and development, fostering creativity, key training data, UniCredit Group Leadership Programs and specialized training.

A principled approach to learning and development

We pursue our training objectives according to our UniCredit Group Golden Rules – a set of precepts that codify our belief that the

learning process is a continuous experience that integrates both personal and business development.

The UniCredit Group Learning and Development Expertise Center offers learning programs, executive and group-wide training courses and a framework for the widespread dissemination of basic skills and language training.

ADAPTABLE TRAINING MODELS

While executives may become individually involved in UniCredit Group learning activities, all Competence Lines and Divisions additionally determine their own training needs and select their own content for general basic skills training, maintaining consistency with UniCredit Group's shared training framework under the Golden Rules. Furthermore, they define, design and deliver necessary technical training and manage and coordinate the process internally.

The UniCredit Group's Golden Rules of Learning and Development

- Learning is a life-long experience that can assist both personal and business development
- Learning and development processes and activities must be aligned with the Integrity Charter
- Learning activities foster innovation, cross-cultural development and knowledge sharing
- Learning and development activities must be linked to appraisal or assessment mechanisms
- Every individual is in control of his or her own learning and development program, within company guidelines and according to their interests and aspirations
- Learning and development activities must be consistently measured and monitored
- Leadership and managerial development activities must be based on established competence models
- Learning activities are designed to take into consideration different learning styles
- Trainers and facilitators for learning activities must comply with UniCredit Group's requirements and values

All leadership training activities are developed in accordance with the Leadership Competency Model, which has been designed to highlight market and product knowledge, adherence to UniCredit Group values, leadership abilities and personal character.

Fostering creativity

UniCredit Group designed UniManagement to meet the growing training and development needs of its leaders, who will guide the Group through the demanding challenges of today and, more importantly, tomorrow.

Headquartered in Turin, UniManagement is a key initiative that takes a completely innovative approach to achieving one of UniCredit Group's key objectives: becoming a place where different but complementary entrepreneurial skills and culture come together to develop an exciting and stimulating exchange.

The highly innovative spirit of this center is demonstrated by the architecture and organization of the work spaces. These were designed to maximize the opportunity for associates to interact, cooperate and grow together. UniManagement has used architecture to create flexible new spaces that can stimulate the thought processes, concentration, creativity, and inventive power of our managers. We hope that these spaces will help us to fully unleash the human potential contained within today's UniCredit Group.

The flexibility of these spaces and the speed with which they are changed reflect the strong interest UniCredit Group has in developing capable leaders who can face strategic and operational challenges with confidence and clarity, quickly interpret

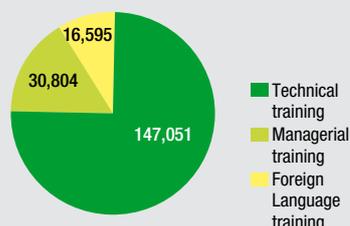
changes on the fly and react immediately and effectively to the resulting scenarios.

FOLLOWING A COMMON FRAMEWORK

The UniManagement Center offers a wide variety of learning experiences that make up the UniCredit Leadership Curriculum - a development path providing a common framework for leadership development. The Leadership Curriculum

is organized around different activities according to the target group: Basic courses, such as Building Blocks, are for the personal skills development of the first managerial levels; leadership programs, such as Learning Labs, are for higher managerial levels; and Leadership Programs (UniQuest and UniFuture) are for selected groups of participants at different stages of their leadership growth.

Number of UniCredit Group employees trained by type of training received, 2007⁸



Number of UniCredit Group Employees trained, 2007

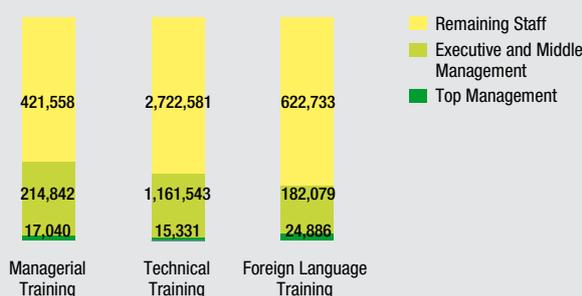
TRAINING RATIO	
5,382,593	Total hours of training
153,662	Employee headcount
35.02	Training hours per person

8. "Managerial Training" indicates training related to career development and management of resources (e.g., leadership, communication skills, etc.); "Technical Training" indicates all training strictly related to activities performed by the employees (e.g., customer assistance, training for sales of new products).

Number of training hours by organizational tier and type of training, 2007

	MANAGERIAL TRAINING	TECHNICAL TRAINING	FOREIGN LANGUAGE TRAINING
Top Management	17,040	15,331	24,886
Executive & Middle Management	214,842	1,161,543	182,079
Remaining Staff	421,558	2,722,581	622,733
Total	653,440	3,899,455	829,698

Number and percentage of training hours by type of training and employment tier, 2007



Training programs (CONTINUED)

The UniCredit Group leadership programs

UniQuest and UniFuture are key elements of the UniCredit Group Leadership Project. Each program is designed for select groups of employees at specific stages of leadership development.

DEVELOPING PROMISING YOUNG PROFESSIONALS

UniQuest is an international development program aimed at promising young professionals working at UniCredit Group. It was established to achieve two main goals.

First, UniQuest is tasked with facilitating the integration of UniCredit Group's various entities and fostering the development of a European corporate culture based on a shared belief in the value of differences, a common set of values and a single objective – sustainable growth. Second, UniQuest's mission is to invest in internal growth and ensure that there is a steady supply of young and promising talent in our leadership pipeline.

UniQuest is designed to encourage a diverse workplace environment where employees can experience international and multicultural exchanges by making use of innovative technologies and distance-work systems to interact with colleagues from different countries.

PROMOTING CHANGE AND PROVIDING PATHS

UniFuture is a leadership development track for senior managers in UniCredit Group. The program has two objectives. First, UniFuture is intended to promote change, sustainable business, product development and process innovation. Second, UniFuture is tasked with providing individuals with tailored leadership development paths. This program

encourages employees to share experiences and to take the necessary time for individual development and learning.

DEPLOYING THE LATEST INSTRUCTIONAL APPROACHES

Other components of our Leadership Curriculum include Learning Labs and Building Blocks. These two training programs, based on the latest findings in adult learning research, follow two different instructional approaches.

The Learning Labs present our more experienced managers with powerful peer-to-peer knowledge-sharing experiences. The Building Blocks challenge new managers with a combination of interactive learning methods, direct experimentation and shared experiences.

“Leadership for Results” (L4R)

Leadership for Results is an experimental program of the Retail Division that is based on the Emotional Intelligence Model developed by Daniel Goleman. The underlying concept is that developing one's *emotional intelligence* will lead to *resonance*, which in turn can generate *results*. It was created through a partnership between the Teleos Leadership Institute in Philadelphia and the UniCredit Training Department.

We have executed two complementary programs, L4R Basic and L4R Advanced.

L4R BASIC

This three-day intensive immersion program, in the form of an experimental workshop supported by facilitators, is designed to support the personal development of individual Leadership Team members. We employ our own UniCredit Banca facilitators

who have been prepared and certified by Teleos.

The L4R Basic program is for employees preparing to assume managerial roles.

L4R ADVANCED

This program revolves around four separate two-day seminars, each devoted to one of the distinct quadrants of emotional intelligence. Every manager chooses one of the four. Each seminar is followed by voluntary individual coaching for six months.

One hundred and eighty managers have participated, and 13 coaches chosen from among UniCredit Banca managers have been prepared and certified by Teleos.

L4R COACHING

Our coaching service consists of meetings between the managers who enroll and a professional coach employed by the bank. The coach has been certified by the Teleos Leadership Institute and selected from within the L4R facilitation and coaching department.

The coach makes use of targeted questionnaires and activities to help the manager fully explore the situations he or she is experiencing and discover his or her own development objectives. The facilitation process clarifies these objectives and highlights the actions and strategies necessary to achieve them. The coach supports the manager's self-reliant translation of these goals into practice.

Specialized training

UniCredit Group provides its employees with excellent opportunities to pursue specialized training, including through special master's programs, UPA Technical School, special programs and financed trainings.

OPPORTUNITIES FOR DEVELOPMENT AND ADVANCEMENT

The Master's in Banking and Entrepreneurship, Master's in Private Banking and Master's in Corporate Banking programs were established in collaboration with prestigious international universities to provide employees with highly specialized training and an opportunity for in-depth professional development and advancement. The Master's in Banking and Entrepreneurship particularly targets students from the CEE who want to begin a career at UniCredit Group.

STRENGTHENING TECHNICAL AND LINGUISTIC SKILLS

Specialized training is also offered by the UPA Technical School, which is evolving to include a wider array of professional training courses. In 2008, UPA Technical will launch the Lifelong Learning Center, the aim of which is to develop the technical and linguistic skills of UniCredit Group employees on an ongoing basis.

TRAINING FOR NEW HIRES

UniCredit Group's technical training for new hires is conducted by the UPA Technical School. UPA's core training competencies cut across the activities of the entire UniCredit Group. They provide professional training for new hires with a focus on establishing a strong foundation of basic knowledge and basic technical training preparing participants to take on specific roles in UniCredit Group's Retail, Corporate and Private Banking Divisions. UPA's

technical training activities involved 1,600 people in 2007, an increase of 80% over 2006.

SPECIAL PROGRAMS

Team@work is a special event-based program designed to encourage creative problem solving, increase decision-making efficiency in complex organizations and facilitate the integration of the nationalities, cultures and organizational components embraced by UniCredit Group. In the course of this program, UniCredit Group enrolled 1,416 participants in 21 events during 2007.

FINANCED TRAINING

Financed training aims to strengthen the professional skills of UniCredit Group employees in order to strengthen their individual professional profiles. Financed training supports activities designed specifically for employees over the age of 45.

“WELCOME BACK”

“Welcome Back” is a training program for employees who are returning to work after extended leaves of absence (over five months) and need to be updated on changes to their work environment, if any.

The program is designed to facilitate the return to work process through a thorough and well-structured briefing on key changes to the company and to support our employees by staying positive in the context of a work environment that can be every bit as changeable and dynamic as our personal lives.



Thomas Struth, Museo del Prado 7, Madrid, 2005
Credit: ©2008 Thomas Struth

Listening and communications

Our approach to maintaining an open dialogue with our employees includes the Integrity Charter, the Restorative Justice System, the Ombudsmen Network, action plans put in place after the "Your Voice, Our Future" People Survey, and an array of intranet channels, among others.

The Integrity Charter

The Integrity Charter represents the set of shared values that form the foundation of UniCredit Group's identity. These common values provide guidelines for our behavior and support in handling the dilemmas that may sometimes arise in our everyday professional lives. The Charter was built up from a core set of values we describe as "the Foundations of Integrity". They include Fairness, Transparency, Respect, Reciprocity, Freedom to Act, and Trust.

ONLY INTEGRITY CAN PRODUCE SUSTAINABILITY

The Integrity Charter focuses particularly on the concept of integrity because, as a driver of social legitimacy and reputation, only integrity can produce sustainability. Sustainability, in turn, enables profit to be transformed into value for our stakeholders. UniCredit Group is keenly aware that a business can play an active part in any market only to the extent that it possesses

the reputation to function effectively there.

Because today's market landscape is increasingly characterized by complexity, a business made up of thousands of people cannot be successfully run with a pure "command and control" approach. Thus, in order to free up our people to act as entrepreneurs, we rely on our shared set of values as our handbook in a competitive marketplace.

The Integrity Charter is the result of an on going process that brought UniCredit Group's employees together to discuss our corporate culture and to draw up a set of principles. The process started in 2003 with a project designated "the Values Laboratory," in which over 1,500 colleagues participated in corporate values workshops.

INVOLVING ALL OUR EMPLOYEES

The Integrity Charter is not a static document, but rather a living tool intended to evolve over time in order to stay up to date with the ever-changing needs of all of UniCredit Group's diverse entities. As such, all Integrity Charter projects are linked together and based upon the concept of participation; every Integrity Charter projects are not just a one-off initiative, but are part of a continuing effort, in which all our employees are involved.

Integrity Charter Day is an excellent example of senior management's commitment to the full engagement of our employees in jointly developing and working according to our shared set of values. On 1 October 2007, Integrity Charter Day was held in all UniCredit Group territories. Months of preparation preceded the event, with more than 1,600 colleagues participating in nearly 100 focus groups to explore how we could better apply our core values to our daily working lives. Colleagues were engaged in open discussion within teams in order to review what has been achieved so far and to develop a deeper understanding of how to apply our values when interacting with our customers, local communities and other stakeholders. Managers moderated the open discussions and collected the main suggestions emerging from the discussions. The success of Integrity Charter Day, now a UniCredit Group tradition, was underscored by the feedback received afterwards from a remarkable 80% of those polled.

Integrity Charter Day 2007 was also important in that it provided us with the opportunity to welcome our new colleagues from recent acquisitions. The Integrity Charter booklet was distributed to all new colleagues from Aton Capital and the former Capitalia Group.

Number of UniCredit Group employees using the Restorative Justice System by country/region and case status, 2007⁹

COUNTRY	MONTHS OF OPERATIONS	CASES SUBMITTED	CASES NOT ADMITTED	CASES NOT CONTINUED WITH	EFFECTIVE CASES TAKEN ON	MEDIATIONS	REPORTINGS	MEETINGS
Austria	8	12	1	1	10	1	6	3
Hungary	3	11	2		9		9	
Germany	12	36	8	5	23	3	16	4
Italy	14	87	6	32	49	15	13	21
Slovakia	1	1			1		1	
Total		147	17	38	92	19	45	28

92 cases were taken on by the Restorative Justice System as of 31 December 2007.

9. The Restorative Justice System was launched in Poland in September 2007, and an Ombudsmen network has been established there. At the moment, Restorative Justice System data for Poland is not available. The Restorative Justice System was launched in Bulgaria, Croatia and Slovenia in January 2008.

The Restorative Justice System

UniCredit Group designed the Restorative Justice System to resolve internal conflicts and guarantee the proper and uniform application of our Integrity Charter.

The Restorative Justice System promotes individual responsibility and the voluntary resolution of conflicts between parties. If relationships within UniCredit Group have been damaged by behavior deemed inconsistent with the values set forth in the Integrity Charter, the Restorative Justice System provides a forum in which the dispute can be mediated.

The Restorative Justice System works through three distinct tools:

- Mediation - the most appropriate tool for resolving violations of the Integrity Charter between individuals;
- Reporting - to pinpoint corporate policies or decisions that appear to be in conflict with the values of the Charter;
- Meetings - the best tool to remedy a shortage of transparency in employer/employee relationships.

Currently the Restorative Justice System is fully functioning in nine of the countries in which UniCredit Group operates: Austria, Bulgaria, Croatia, Germany, Hungary, Italy, Poland, Slovakia and Slovenia.

The Ombudsmen Network

A group-wide Ombudsmen Network works to bring the Restorative Justice System to life. The network is composed of Ombudsmen and Mediators.

The Ombudsmen are independent appointees who liaise directly with the office of the UniCredit Group's Chairman. They are responsible for assessing the validity of the claims of each submitted case. The Mediators are third parties from outside of UniCredit Group who specialize in facilitating dialogue between conflicted parties. The Ombudsmen and Mediators guarantee confidentiality in their dealings.

Communicating our values

We have developed many different channels to keep our employees informed about the Restorative Justice System and its functions, including "Values in Action," the Ombudsmen Road Show and dedicated areas on the intranet sites.

"VALUES IN ACTION"

"Values in Action" is one of the UniCredit Group newsletters. Published on OneGate, it provides all of our employees with updates on how the Integrity Charter is being applied in our everyday working lives and how we are bringing it to life throughout our corporate network. Since February 2007, four editions of the newsletter have been published on OneGate.

OMBUDSMEN ROAD SHOW

The Ombudsmen Road Show is an open forum on the Restorative Justice System. In a series of sessions with UniCredit Group colleagues, the Ombudsmen explain what the system is, how it works and when it is put into action. To date, the road show has traveled to Milan, Bologna, Turin, Verona, Rome, Naples, Vienna, Munich and Hamburg and has reached out to more than 500 colleagues. Other road show events have also been organized by the Central Ombudsmen in cities across Europe.

DEDICATED SECTIONS ON ONEGATE AND THE LOCAL INTRANET SITES

These pages provide our employees with vital information on how to apply for Restorative Justice. From January 2007 to January 2008, nearly 14,000 employees visited the Integrity Charter pages on OneGate.

"Listening Road Show"

The Listening Road Shows, which generate a dialogue between our top management and our people in the Italian Retail Division, are important because they leverage the voices of our loyal employees. Since 2004, our top managers have traveled from site to site to attend open forums with our employees, to hear a broad range of opinions and to identify evolving needs and potentially critical situations. Afterwards, our top managers develop a synthesis of what they have heard and design and implement initiatives accordingly.

"Your Voice, Our Future"

In 2007 we developed and implemented targeted action plans born out of the constructive comments and feedback we received from the very first "Your Voice, Our Future" People Survey, held in 2006, involving approximately 84,000 of our employees, or 65% of our total workforce. Translated into 15 languages and with different sections to receive feedback on UniCredit Group, general comments and specific comments about each employee's particular bank, the first People Survey was a big success. Our "second-generation" People Survey, launched in January 2008, made a specific effort to engage all of our new employees from the former Capitalia Group, ATF Bank and Ukrsofsbank.

Listening and communications (CONTINUED)

Senior managers at the division and country levels analyzed comments and suggestions over a two-month period last winter in order to work on putting employee views into action. By early spring of last year, UniCredit Group's CEO had reviewed and approved roughly 280 action plans derived from the People Survey. The implementation of these action plans has been included in the evaluation process for all Divisional Heads and the top 1,600 managers of UniCredit Group.

The final step in the process has been to communicate, via our intranet, progress made on the action plans so far. In this way, we have been keeping our colleagues up to date on the implementations of the many initiatives yielded by the survey.

“HOW ARE WE?”

The “How are we?” project was created by the Retail Division in 2006 to support and elaborate on the results of the group-wide People Survey “Your Voice, Our Future”. “How are we?” enables us to measure our overall environment, to assess current levels of staff satisfaction, and to identify our strengths and avenues for improvement.

Since it is more frequent than the People Survey, the “How are we?” project can identify subtle changes in our work environment and help us to make adjustments on a rolling basis.

Our intranet channels: emblems of transparency and reciprocity

On 1 October 2007, the same day that UniCredit Group merged with Capitalia, we began the process of providing former Capitalia employees with access to the new Italian intranet portal. This process was completed in January 2008.

This coincided with the launch of the new version of our group-wide intranet portal “OneGate”, accessible across the whole group.

The new OneGate allows us to connect directly with our entire company network, to make all employees throughout UniCredit Group aware of our strategic goals, and to update all colleagues about our activities. The objective was to create a virtual space in which all employees could share their best practices and ideas from all Divisions and across all business lines. This tool has allowed us to welcome our new colleagues into UniCredit Group and to present ourselves in a clear and coordinated way. The new OneGate contains more than 1,500 pages of pertinent and consistent information in three different languages.

Communicating strategy and results to our people

We believe that a well-informed employee is better equipped to do his or her job. Therefore, we regularly communicate key economic results and strategy, and the CEO himself delivers a video commentary on our quarterly results via OneGate. These reports are periodically supplemented with updates on our most significant business initiatives.

Supporting active engagement

Internal communications play a key role in supporting our employees' active engagement in the company's corporate responsibility initiatives. In 2007, internal communications activities focused in particular on UniCredit Group's involvement

in the arts and humanitarian projects. For UniCredit Art Day, a number of leading museums and institutions opened their doors to thousands of UniCredit Group employees and their families this past October. The event was part of UniCredit Group's broad commitment to create, through contemporary art, a common language capable of bridging differences between cultures, religions and traditions.

This corporate initiative was designed for the benefit of our employees, their families and their communities and was just one of the many ways in which UniCredit Group is realizing its vision of bringing the people of Europe closer together through art. Through art, the UniCredit Group aims to engage more cultures and communities in an extended dialogue on the value of differences and diversity.

Many of our employee-related activities in humanitarian and other initiatives are detailed elsewhere in this report. For information on Unidea and the UniCredit Gift Matching Program, please refer to the “Employee-community involvement” section on p. 118. Further information on “Supporting charities and research” may be found on p. 111.

“Two Years Together”

On 13 June 2007, UniCredit Group organized “Two Years Together,” a celebration of our rapid evolution into a new and proven force in European banking on the second anniversary of the announcement of the UniCredit-HVB deal. Part of the festivities included an employee-only contest for the best photographic representation of the integration process. The contest photos have since been transformed into a unique artwork that expresses the power and poetry of integration.

Labor relations

UniCredit Group management and employee representatives have a long tradition of working together to promote a transparent and constructive dialogue in line with UniCredit Group's Integrity Charter.

In 2007, the Group Labor Relations Units dedicated themselves to the smooth management of the transitions resulting from our latest acquisitions – particularly the merger with Capitalia Group. This commitment will be renewed in 2008 as Labor Relations seeks shared solutions with trade unions at the national and international levels, particularly in relation to the completion of the Capitalia integration.

The principles that guide UniCredit Group in this field are drawn from the "ILO Tripartite Declaration concerning Multinational Enterprises and Social Policy," from the ILO's eight core conventions, and from the OECD's "Guidelines for Multinational Enterprises". UniCredit Group is wholly committed to these principles and to following the guidelines adopted within the United Nations' Global Compact framework.

Many related initiatives are already in place, including the first UniCredit Group workshop on labor relations, "The UniCredit European Works Council: Improving Cooperation to Strengthen Social Dialogue," an event co-promoted and co-financed by the European Commission.

The OneGate intranet portal provides employees with detailed information on all these initiatives and commitments.

As a company in the financial sector, we have a workforce comprised of highly-skilled personnel. Problems relating to human rights and child or forced labor are not material to the daily internal operations of UniCredit Group, though we are aware these are issues of serious concern in other industries.

2007 Accomplishments

Our labor relations accomplishments include agreements made at the Holding level as well as on a national level in Italy, Germany, Austria, Poland and Croatia.

An appendix with additional data on Labor Relations may be found at the end of the chapter.

HOLDING LEVEL

The UniCredit Group European Works Council (UEWC) was established this past year. The UEWC is a governance body responsible for developing a genuine social dialogue across UniCredit Group. It receives relevant information from management on cross-border operations and consults with management on related issues. The Council will hold two regular meetings per year.

On 26 January 2007, the agreement creating UEWC was signed after a constructive negotiation with a special body composed of employee representatives from EU countries. The appointment of all UEWC members followed. In all, 44 members were selected from all 27 countries where the UniCredit Group has an active operational presence.

With the appointment of its members completed by the middle of 2007, the UEWC became operational and held its first meeting on 20 September. Since then, a continuous and productive dialogue between central management and the UEWC Select Committee has ensued. The UEWC will also have the ability to develop joint statements on training, professional development, equal opportunities, non-discrimination, working conditions, and health and safety with central management.

ITALY

This past year UniCredit Group focused on its acquisition of the Capitalia Group. Several

agreements were reached with trade unions making possible a cooperative approach to some of the legal, economic and social issues with the potential to affect employees.

Three agreements of particular note were made in 2007, providing employees with a voluntary early retirement incentive plan, resolving financial and equitable aspects of the merger of Capitalia S.p.A. into UniCredit S.p.A. and standardizing, within Italy for a three-year period, the privileges extended by UniCredit Group and Capitalia to their respective trade unions in order to ensure an uninterrupted and productive labor-management dialogue at every level all through the integration phase of the two groups.

The company-level agreement between the Holding and the trade unions provides an innovative welfare package for UniCredit Group's Italian employees in terms of health insurance, supplementary pension schemes, credit facilities and maternity policies. In accordance with the goal of transparent communications, a special section on the Capitalia integration is now available on the OneGate intranet portal.

GERMANY

In 2007, HVB successfully completed agreements with the Central Works Council to implement a defined bonus system for employees in the following Divisions: Retail, Corporate and Commercial Real Estate Financing and Wealth Management. This covers the final terms of the planned bonus system as well as several transitional arrangements for the year 2007 to manage the change from the existing bonus system to the defined one.

HVB and the Central Works Council came to an agreement to implement UniCredit Group's Integrity Charter in the companies of the HVB subgroup. Within the framework

Labor relations (CONTINUED)

of the HVB Transformation Program, HVB concluded a number of agreements with the Central Works Council covering the alignment of new divisional structures and the implementation of its credit process redesign. Pursuant to German law, this "Reconciliation of Interests" will enable HVB to implement the new structures and substantially new processes.

AUSTRIA

The most relevant agreements reached in 2007 concern pension funds and modified provisions for UniCredit Group's contributions thereto. Additionally, agreements were concluded on work-life balance extending the option of family leave up through a new child's third birthday, in addition to the legally required leave of absence. There were also agreements on the implementation of a performance management system and on the issue of compensation salary bands.

POLAND¹⁰

Bank Pekao and the trade unions signed a key labor agreement providing for changes in the bank's compensation structure. In particular, the agreement provides for an increase of each employee's monthly salary, the introduction of a rate adjustment mechanism set at 12%, depending on the degree of deviation from Bank Pekao's gross profit plan execution, and an increase of severance pay from 30 to 36 times the employee's monthly compensation.

CROATIA¹¹

At Zagrebačka banka, the Collective Agreement that expired on 31 December 2007 has been extended for a one-year period with the same level of rights for all employees as in the previous year.

10. Information and figures refer only to Bank Pekao S.A.

11. Information and figures refer only to Zagrebačka banka.

A substantial reorganization of the bank was implemented as of 1 January 2008, which included the appointment of line managers for a finite term of office; line managers were previously appointed for undefined terms.

In 2007 an effective dialogue was entered into with the Works Council and union representatives to address results and action plans related to the People Survey; the objective is to ensure a strong response rate and smooth implementation of the action plans.

Work-Life Balance and Welfare

Our efforts to provide for the welfare of our employees are centered on our provisions for healthcare expenses, childcare and our pension plans.

Healthcare

The healthcare expenses of UniCredit Group's Italian employees are covered by the UniCredit Cassa di Assistenza (UniCA). UniCA is a special fund whose directors and auditors are partly appointed by UniCredit Group companies and partly elected by its unions. UniCA has been operational since 2007 and offers employees a variety of insurance policies. Of the 780 available healthcare facilities, 202 are hospitals and 578 are diagnostic centers. In 2007, UniCA successfully handled more than 120,000 cases.

Childcare

In order to facilitate the return to work of new parents, UniCredit Banca has created (in collaboration with specialized service companies) many new company nursery schools in many of our cities, to serve the employees of all UniCredit Group companies. We have already opened schools in Rome, Milan, Turin, Verona and Vicenza; Bologna and Modena are now under construction, and we plan to open them by the end of 2008.

Four years into the project, it is clear that it has been a resounding success. We have generated high levels of employee satisfaction by offering them lower prices than the alternatives on the market, high service levels, flexible schedules (i.e., daily drop-off and pick-up times) and tax facilities on the monthly price.

Health and safety

Pension plans

The pension plans of employees working in UniCredit Group's Italian companies are generally implemented as closed pension funds through the Pension Fund for Employees of UniCredit Group's Italian Companies. In compliance with Italian regulations and the pension fund bylaws, its directors and auditors are partly appointed by UniCredit Group companies and partly elected by its members. Pursuant to collective labor agreements between UniCredit Group companies and trade unions, it is the only closed pension fund available to new employees or to current employees who are not yet members of any pension fund.

In Italy 37,290 employees are enrolled in UniCredit Group's closed pension funds. The standard percentage of an employee's salary contributed to the pension is 2% from the employee and either 2% or 3% from the employer, depending on whether the employee has been a member of the pension scheme since before 1993.

UniCredit Group endeavors to provide a safe and healthy work environment in compliance with all legal requirements and in line with the Integrity Charter. One of the primary goals of UniCredit Group is to ensure the well-being of its employees. To this end, we constantly monitor working conditions and provide numerous health and safety training sessions.

Our approach to health and safety is discussed in national terms covering Italy, Germany, Austria, Poland and Croatia.

Italy

In Italy, Legislative Decree no. 626/94 provides the legal framework for health and safety in the workplace, specifying the obligations of employers and employees, the qualifications of doctors and technicians employed by the company, and the requirements for a company safety and prevention bureau (SPP, from the Italian) and for an employee representative body (RLS, from the Italian).

The RLS is made up of members nominated directly by the employees. When events occur that may affect the health or safety of employees, meetings are held among the SPP, Labor Relations and the RLS. The RLS is entitled to control working conditions and to verify compliance with legal requirements.

Within UniCredit Group, the RLSes were established by company agreements with the trade unions. They received training in safety issues (e.g., first aid and fire safety) and on workplace health and safety obligations. The agreements also covered the main aspects of health and safety practices at UniCredit Group (e.g., training and education, safety inspections and safety audits).

Germany

In Germany, there is a joint management/workers' council committee on health and safety for HVB. As the works council is part of this committee, all non-managerial employees are represented. HVB has not entered into any formal agreements with trade unions specifically on health and safety.

Austria

In Austria, regular formal meetings between the Works Council and management are required by employee protection laws. These formal meetings are held twice a year. The "Employee Protection Act" specifies in detail the company's obligations with respect to health and safety. Compliance is monitored by qualified doctors and technicians and paid for by the company.

Poland¹²

In Poland, a joint management-worker committee on health and safety was established in 2001 under the joint leadership of a management representative and the company Social Labor Inspector. The committee functions as an advisory and consultative body to Bank Pekao on matters concerning workplace safety and health. The committee meets at least once a quarter and consists of ten employee representatives and ten management representatives.

Safety and health issues at Bank Pekao are governed by two formal agreements between the bank and the trade unions. The Joint Company Labor Arrangement specifically provides benefits connected with accidents on the job.

¹² Information and figures refer only to Bank Pekao S.A.

Health and safety (CONTINUED)

National labor regulations obligate employers to provide their employees with safe and healthy labor conditions, as well as to conduct trainings on health and safety and on employees' health and safety obligations.

Croatia¹³

Legislation in Croatia obligates employers to provide their employees with safe and healthy labor conditions and to conduct preliminary training in the fields of work safety, health and fire safety. Accordingly, a Committee on Health and Safety has been established at Zagrebačka banka. The committee is to function as an advisory and consultative body to management. It meets at least quarterly and includes an occupational medicine specialist, a work safety coordinator, the head of HR and the head of Work Safety. Work safety inspectors are invited to every meeting.

To ensure workplace safety, internally supervised inspections are carried out at all bank locations every three years. Every two years, fire drills and evacuation drills are held at all bank locations.

The bank's healthcare system focuses on the promotion of health and the prevention of illness, as prevention and early detection generally serve to reduce sick leave absences. The program is built around a variety of preventive measures, of which the most important are mandatory general checkups for all employees every two years and athletic programs organized through the ZABAšport society.

Social programs include the disbursement of distress allowance to employees in

crisis situations (including the death of a family member, long-term illness, etc.), as specified in our Collective Agreement. Also, in instances of employees requiring medical services not covered by health insurance, the Committee on Donations may disburse funds under specified criteria.

Training, counseling, prevention and risk control programs

Our approach to training, counseling, prevention and risk control is discussed in national terms covering Italy, Germany, Austria, Poland and Croatia.

Workplace injuries by country, 2007	
	NUMBER OF WORKPLACE INJURIES
Italy	552
Germany	119
Austria	40
Poland	85
Croatia	43
Total	856

ITALY

In Italy, UniCredit Group provides a variety of programs to enhance the health and safety of its workforce. These programs include worksite visits, basic first aid training for designated employees, fire safety and evacuation training, eye checkups, general preventive health checks and mental health crisis management for change-induced or post-traumatic stress crises (e.g., following a bank robbery).

Since 2006, UniCredit Banca has inaugurated a psychological support service designed for such special situations as trauma generated from experiencing a robbery at a branch, being the victim of a violent robbery and/or assault and the death of a person in the workplace or of a colleague, etc.

These services are provided following a specific request from an employee or group of employees. The services are provided by outside psychologists with a specialty in workplace issues. To date we have held 36 group counseling sessions and provided six individuals with psychologist support services.



13. Information and figures refer only to Zagrebačka banka.

Addressing healthcare emergencies for isolated employees

At UniCredit Banca, we have many branches where there are normally only one or two workers present at a time. The bank has therefore introduced the use of special electronic devices that allow these employees to summon medical help in case of a healthcare emergency. This program is in place at 148 branches, and we are planning to add more in 2008.

GERMANY

In Germany, HVB has a very successful health management system that focuses on healthy behavior and sickness prevention. It involves representatives from HR, company medical services, food service facilities, social advisory services, paramedic services, the works council, the HVB Sport Club and the company health insurance fund, all of whom serve together in a committee dubbed the "Gesundheitsforum". Trade unions are not directly represented.

The Gesundheitsforum is responsible for a wide variety of health-related promotions and services, including nationwide public service campaigns on colon cancer, diabetes, substance abuse, heart disease, high blood pressure, and influenza vaccinations. It also offers medical exams for managers and brief medical checkups for all employees, workshops on workplace ergonomics, seminars and counseling for stress and change management, personal crisis management, nutritional information campaigns, healthy food choices in the cafeterias and in-house support and counseling following bank robberies and other traumas.

AUSTRIA

Bank Austria's Health Center delivers a wide variety of programs to enhance the health and safety of its workforce, including

worksite visits, ergonomics training, basic first aid training for designated employees, fire safety and evacuation training, eye checkups, vaccination programs, general preventive health checks, mental health crisis management for change-induced or post-traumatic stress crises (e.g., following a bank robbery) and physical and mental fitness courses.

POLAND¹⁴

In Poland in 2007, 944 Bank Pekao employees attended occupational safety and health training sessions that addressed administrative and managerial concerns. Fire prevention issues were also discussed.

In December, the development of e-learning and periodical training programs in occupational safety and health was completed. The Training & Skills Management Office is now running a pilot version of the training program in the Południowo-Wschodni Region.

The training program is structured with two separate sections for administrative and managerial employees. Both sections include modules for first-aid and fire-prevention skills. Under Polish law, administrative employees must take part in such training once every six years and managerial staff once every five years.

CROATIA¹⁵

In Croatia we manage a variety of programs to enhance the health and safety of our workforce, including worksite visits by internal supervisors, ergonomics training, basic first aid training for designated employees, fire safety and evacuation training, general preventive health checks, specialized preventive health checks (e.g., vaccination programs and ultrasound), mental health crisis management for change-induced or post-

traumatic stress crises (e.g., following a bank robbery) and physical fitness courses.

Since 2003 training in safe work methods has been regularly conducted by expert instructors. This has ensured that training programs are organized in a flexible manner tailored to the needs of the bank. In 2007, work safety training has also been implemented through e-learning channels.

14. Information and figures refer only to Bank Pekao S.A.

15. Information and figures refer only to Zagrebačka banka.

Appendix on industrial relations

Performance Charts

Employees covered by collective bargaining agreements (%)	
	2007
Italy	100%
Germany ¹⁶	61%
Austria	100%
Poland ¹⁷	87%
Croatia ¹⁸	97%

16. This figure is calculated based on the number of employees excluding delegates, apprentices and unpaid leaves.

17. Information and figures refer only to Bank Pekao S.A.

18. Information and figures refer only to Zagrebačka banka.

Employee relations	
DISPUTES CONCERNING LABOR AND WELFARE ISSUES	2007 NUMBER
Italy	300 ¹⁹
Germany	76 ²⁰
Austria	310 ²¹
Poland ²²	0
Croatia ²³	2

19. This data includes disputes filed by both employees and companies.

20. This data includes lawsuits from employees and works councils in all the companies of HVB Group.

21. In Austria there are over 300 legal actions against Bank Austria by former employees regarding the outsourcing of the pension claims of the employees to pension funds in 1999. The works council is suing Bank Austria for increasing working hours in 2005. There are about ten individual lawsuits (e.g., for wrongful termination).

22. Information and figures refer only to Bank Pekao S.A.

23. Information and figures refer only to Zagrebačka banka.

Hours on strike	
	2007 NUMBER
Italy	45,600
Germany	0
Austria	0
Poland ²⁴	0
Croatia ²⁵	0

24. Information and figures refer only to Bank Pekao S.A.

25. Information and figures refer only to Zagrebačka banka.

Notice periods

A minimum number of weeks' notice is typically provided to employees and their elected representatives prior to the implementation of operational changes that could substantially affect them. Explicit notice periods and/or provisions for consultation and negotiation are specified in collective agreements.

Details are provided on a national basis for Italy, Germany, Austria, Poland and Croatia.

ITALY

In Italy, there are different legal and contractual provisions. The law states that unions must be informed and consulted 25 days prior to any changes becoming effective. The National Collective Bargaining Agreement of the credit sector provides for different notification and consultation procedures that may vary from 15 to 50 days, depending on the nature of the changes undertaken.

GERMANY

National regulations do not specify the notice period for consulting with employee representatives. The information must be provided to the works council before any decision is made by the management, so that substantial negotiations about the implementation of measures are possible. Employer and works council have to reconcile their interests in connection with the operational changes. Major alterations may not be initiated unless this reconciliation of interests is achieved or at least attempted.

AUSTRIA

Austrian legislation does not specify any notice period for this issue. In general, information must be provided to the works council before any major change by the management, so that substantial

negotiations about the implementation of the measures are possible.

POLAND²⁶

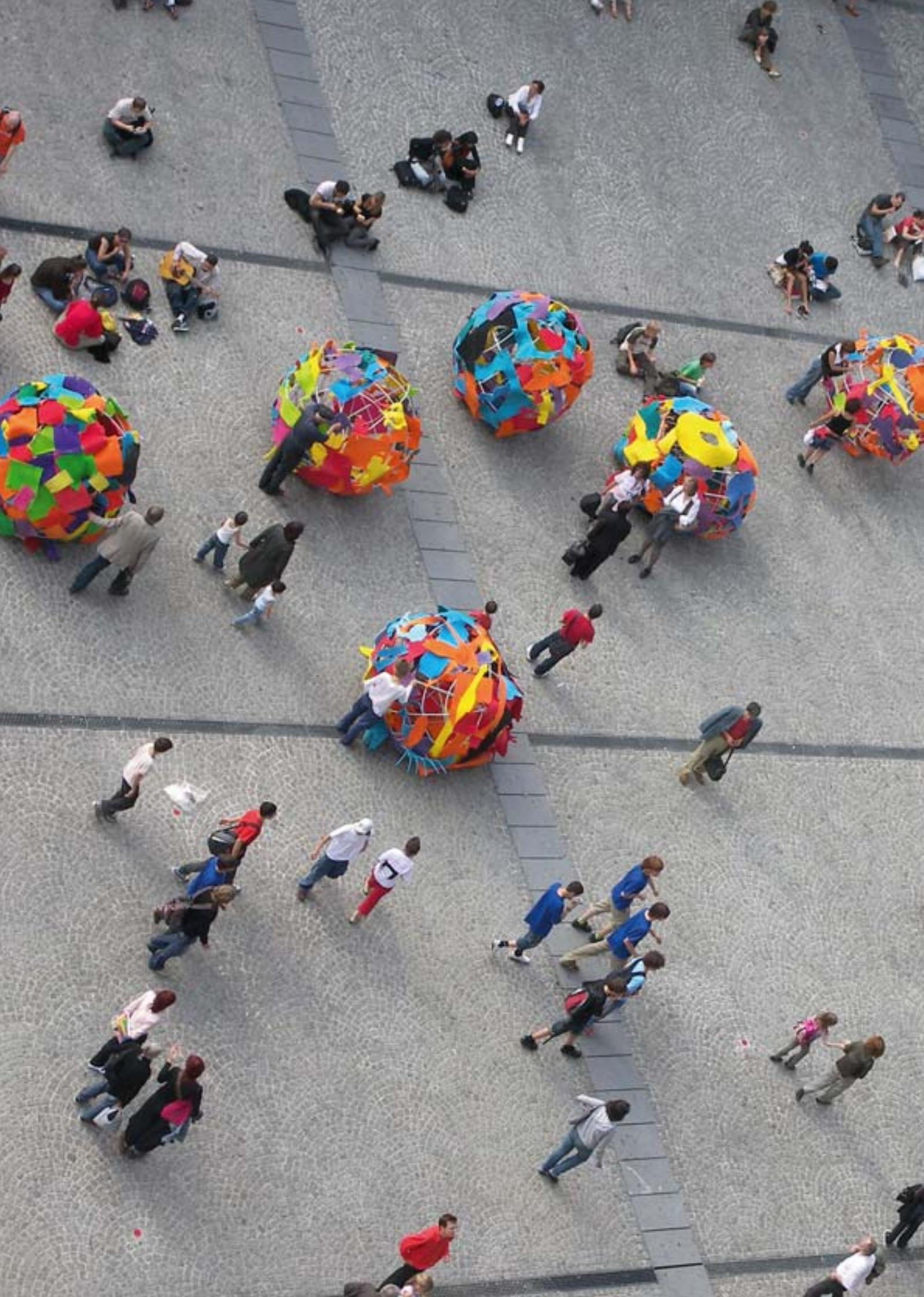
National regulations do not specify the notice period for consulting with employee representatives, i.e., the Council of Employees. They only require informing the Council of Employees in a timely fashion to enable them to become acquainted with the matter and conduct consultations.

CROATIA²⁷

In Croatia any significant operational change that could affect employees must first be communicated to the works council for confirmation. According to Croatian legislation, such information must be provided to the works council at least eight days prior to the implementation of the change. Confirmation by the works council is not obligatory, which means that the employer can implement the change even if the works council does not confirm it.

26. Information and figures refer only to Bank Pekao S.A.

27. Information and figures refer only to Zagrebačka banka.



Our customers

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Responsible lending

Creating a healthy and mutually beneficial relationship with our customers, serving them well and responsibly in accordance with our Integrity Charter, is at the heart of everything we do at UniCredit Group. Sustainability plays a central role in that relationship.

Accordingly, this chapter provides information on the company's efforts to maintain good customer relationships and to address social, economic and environmental issues in a responsible manner.

Our activities in this sphere are as follows:

1. **Responsible lending**, detailing actions and initiatives to promote responsible lending practices;
2. **Responsible investing**, detailing investment products designed to provide socially responsible and sustainable investment options;
3. **Transparency**, detailing open approaches to customers, markets and stakeholders;
4. **Service innovation**, detailing the development of specialized services, products and channels;
5. **Complaint management**, detailing systems, processes and organizational initiatives in this vital field;
6. **Corporate Derivatives**, including information on our actions regarding this topic;
7. **Customer satisfaction**, tools and analysis techniques and actions to determine customers' perception of all aspects of our business
8. **Security**, detailing innovations and actions to protect our stakeholders wherever practicable.

By continuing to develop strong, synergistic relationships with our customers, UniCredit Group hopes and expects to contribute to sustainable economic, environmental and social developments in all of our markets.

Our stakeholders are concerned about unsustainable levels of debt. As a financial institution, we see it as our role to ensure that our customers can accommodate regular repayments without ending up in financial difficulty. We also feel it is our role to grant credit to our customers in a way that ensures positive social and environmental outcomes.

Our actions in this area include the renegotiation of family mortgages, provision of niche financing, defense and nuclear energy sector policies, support for SMEs, environmentally responsible lending practices, adherence to the Equator Principles and group-wide Equator Principles alignment processes.

Renegotiation of family mortgages

UniCredit Group is committed to being a responsible partner for our customers. That is why in Italy we developed a special extension program and refinancing solutions for Retail customers with floating-rate family mortgages. We activated our special program in December 2007, when we noted that the economic climate in Europe was changing dramatically. Because we work to stay in close contact with our Retail customers via email, among other channels, and contact about 200 customers a week, it was possible for us to quickly identify and contact 17,215 at-risk Retail customers by mail and provide them with the option to refinance, free of charge. 14,930 of them responded to our query and opened refinancing discussions with us.

Customer care actions for our Italian customers with high default risk

RENEGOTIATION

1

Customer care actions

Clients invited to check up by e-mail	17,215	[87%]
Clients contacted and informed	14,930	

2

Spontaneous contacts

Weekly average	200
Operations in December	458

Providing niche financing

UniCredit Group wants to make sure students, immigrants and customers with a checkered credit history have access to financing that matches their situations and needs.

FINANCING FOR STUDENTS

Ad Honorem loans are specifically structured to help university students address their academic financial needs. We provide guarantee-free loans to students who intend to enroll in specialized universities or training courses or to seek master's degrees. In Italy, for example, UniCredit Banca and Clarima Banca designed these special loans in close cooperation with several major Italian universities.

FINANCING FOR IMMIGRANTS

An innovative project implemented by UniCredit Group, *Agenzia Tu*, is one of the many ways we respond to the needs of the customer segment made up mainly of workers who are foreign nationals, as well as segments of the population with non-standard work contracts. *Agenzia Tu* branches offer products focused primarily on loans and tailored to segments of the population that, despite their growing impact on the Italian economy, are still under-served by the banking system and by financial companies.

Defense sector policy

In our increasingly globalized society, the borders between countries, industries and peoples are being rapidly redrawn and sometimes even erased altogether. New dynamics emerge, injecting fresh urgency into many of the issues that motivate both private and corporate citizens. The debate surrounding the role of banks in financing the defense industry is a case in point.

A CRITICAL AND CONTROVERSIAL ISSUE

UniCredit Group understands the concerns of many people regarding the financing of an industry that presumably derives its profits from conflict and instability. We are fully aware of the dilemma this critical and controversial issue presents, and we understand how rapidly the debate that surrounds this issue is evolving.

We are concerned about the variety of unconventional weapons being produced in the world today. It is our responsibility to take a strong position against the financing of such weapons. At the same time, it would be irresponsible to refuse to acknowledge that certain types of weapons are necessary to the effective pursuit of such morally sound and internationally accepted goals as peacekeeping and national self-defense.

In a complex and ever-changing world, one of our most important tasks as an institution is to translate our resolutions into concrete actions in every business line and region where we are active. While the defense industry is not a mainstay of our business, as we grow in size, scope and complexity, it is increasingly likely that we will interact with large conglomerates whose diversified holdings may include operations in the defense sector.

THE TWIN FOUNDATIONS OF OUR DEFENSE INDUSTRY POLICY

UniCredit Group's policy is based on two unshakeable principles. First, UniCredit Group will not be a party to the production (or use) of controversial weapons banned by international treaties. Second, the ultimate recipients of arms products must furnish us with credible guarantees that all weapons purchased will be used for defense and security reasons.

KEY DEFENSE INDUSTRY POLICY CRITERIA

1. Any involvement is restricted to countries that comply with international guidelines and regulations on the following issues: nuclear weapons, biological & chemical weapons, conventional weapons, missiles, small arms, light weapons and dual-use goods.
2. UniCredit Group abstains from any involvement with companies manufacturing, maintaining or trading such controversial products as nuclear or biological weapons of mass destruction, cluster bombs, mines and Uranium 238.
3. Any involvement with counterparties manufacturing, maintaining or trading small arms and light weapons must be avoided, owing to a dearth of international regulation.
4. The recipients or end-users of arms must be governments, governmental organizations, state-owned companies or supranational organizations. Exceptions are permitted for hunting and sporting weapons (excluding automatic rifles), in cases where national regulations measure up to international standards.

OPEN STAKEHOLDER DIALOGUE

In keeping with our commitments to maintain an open dialogue with all of our stakeholders, at the end of 2007 we organized a series of meetings with NGOs and a selection of representatives from large European conglomerates to stay abreast of the latest issues and developments concerning our key stakeholders.

Responsible lending (CONTINUED)

Nuclear energy sector policy

We understand the resurgent relevance of nuclear energy, the subtleties involved in its proper handling, and our responsibility to future generations and society with respect to the environment, public health, safety and pollution. This is why UniCredit Group has entered into an ongoing dialogue with the main environmental NGOs in Europe.

Already this dialogue has prompted us to avoid any involvement in financing the renovations of the Belene Nuclear Power Plant in Bulgaria. We have also recently adopted a group-wide nuclear energy policy, which was developed with input from NGOs and a wide range of stakeholders. Our policy is designed to address the special challenges posed by the nuclear sector and to minimize our environmental, social and credit risks.

In making any financing decision, it is our responsibility to require the most thorough, reliable and highest quality assessments of all outstanding issues. This responsibility takes on an even greater importance for us in the context of our role as one of the most active financial institutions in Central and Eastern Europe. To help us to fulfill our responsibility, we have developed a nuclear energy sector policy. This policy has been formally approved by the UniCredit Group Risk Committee and will be implemented once our legal entities complete the process of formally approving the policy in 2008. The details of our nuclear energy sector policy are as follows:

KEY NUCLEAR ENERGY SECTOR POLICY CRITERIA

1. Financing the development or construction of nuclear power plants is permitted, subject to the application of the strictest safety standards and the best available technology.
2. Financing of nuclear energy production companies is subject to WANO¹ membership and location in countries belonging to WENRA². Companies that do not comply with both criteria are evaluated on a case-by-case basis.
3. Financing of tailor-made products or services for the nuclear energy industry is limited depending on compliance with relevant international regulations and best market practices.
4. Financing of the production, trading and reprocessing of nuclear fuel is highly restricted owing to the increased reputational risks regarding proliferation and safety issues.
5. Financing of the transport, processing, storage or disposal of nuclear waste will be evaluated on a case-by-case basis according to the regulations in force in the country of origin as well as in the transit and destination countries.

Supporting SMEs

During the last few years changes to the Italian and international financial regulatory systems and the advent of Basel II principles led UniCredit Group to develop a set of sophisticated products and services

in support of small and medium Italian enterprises.

For Italian enterprises Basel II represents an important chance for SMEs to reduce their risk level and an opportunity to grow.

UniCredit Banca d'Impresa developed consulting services and products to help the entrepreneurial system acclimate to the changes. One example, the "Capitalizzazione Flessibile e Progressiva" (flexible and progressive capitalization) product, is a modular, long-term funding program offering installment options and a flexible equity scheme in the context of a syndicated or public-potential warranty.

Environmentally responsible Corporate lending practices

Environmental issues are a key concern for many businesses and institutions. At UniCredit Group we are keenly aware that unresolved environmental risks and/or issues can have a distinct impact on the credit ratings of our Corporate customers, not to mention the value of the collateral they rely on. At the very worst, environmental issues can sometimes result in our customers' defaulting on their loans. UniCredit Group is committed to marshalling its resources to help our customers better understand the environmental risks they face and to help them come up with the most responsible lending solutions both for their business and for the environment.

Our actions in this area include innovative Corporate environmental technology

1. The World Association of Nuclear Operators is an organization dedicated to improving safety at every nuclear power plant in the world.

2. The Western European Nuclear Regulators' Association is a non-governmental organization comprising the senior staff members of nuclear regulatory authorities in European countries with nuclear power plants.

financing, special Corporate lending programs and compliance with the World Bank Performance Standards and Environmental, Health and Safety Guidelines, and the Ilisu hydropower project.

INNOVATIVE CORPORATE ENVIRONMENTAL TECHNOLOGY FINANCING

In 2007, following an agreement with the Italian Ministry of Economic Development, UniCredit Banca d'Impresa offered its Small and Medium Enterprise customers with a "plafond" of €500 million to encourage SMEs to reduce CO₂ emissions and increase their energy efficiency.

For years, the countries of Central and Eastern Europe (CEE) have had a great need for capital investment to renovate their industrial infrastructures. With our network of banks in Italy, Germany, Austria and the countries of the CEE, we have a large number of Corporate customers with a pressing

need to catch up with modern environmental technology (primarily in the CEE states) and many Corporate customers who produce modern environmental technologies (primarily in Italy, Germany and Austria). We are continually looking for new ways to broker business between these two significant customer groups, and we see great potential in financing capital spending for modern environmental technology. As a founding member of the Central and Eastern European Task Force of the United Nations Environment Programme Finance Initiative (UNEP-FI), UniCredit Group is deeply involved in developing tools for reviewing environmental risk and building up appropriate expertise for our banks in the CEE.

SPECIAL CORPORATE LENDING PROGRAMS

We are expanding our volume of innovative special loans. In general, these special loans cover a variety of assistance programs sponsored by Germany at the federal

and regional level and other EU member-state governments. They usually support such beneficiaries as the founders of new businesses, Small and Medium-sized Enterprises, or individual regions through low-interest loans, grants toward the cost of capital expenditures or loan guarantees.

Many of these programs support investment in environmental protection. For example, some of these programs include assistance for capital spending on solar power, renewable energy sources, CO₂ reduction and energy savings for residential lending projects, wind farms, biomass power plants and waste incinerators.

As a leading bank for SMEs in Germany, HVB is among the largest lenders in various special environmental lending programs. In 2007, HVB's total volume of environmentally related special loans (not including programs for the housing industry) was €303 million. That represented 20% of all new business



Responsible lending (CONTINUED)

in special loans for the year. In programs for the housing industry sponsored by KfW Bankinggruppen, HVB approved a total of €89 million for environmentally relevant purposes during 2007, including a CO₂ building renovation program and a solar power program.

WORLD BANK PERFORMANCE STANDARDS AND ENVIRONMENTAL, HEALTH AND SAFETY (EHS) GUIDELINES

In order to advance responsible financing and protect against adverse ecological and social impacts, UniCredit Group voluntarily complies with the World Bank Performance Standards and Environmental, Health and Safety Guidelines. These standards relate to various ecological issues, define minimum standards, best practice procedures with regard to emissions and pollution, and relate to social issues including involuntary resettlement of local populations, treatment of indigenous peoples and cultural property. The EHS guidelines are intended to prevent environmental, health and safety risks.

We review all of our Corporate Customers' credit applications in line with UniCredit Group's General Credit Policy, using locally effective national and international laws as well as the environmental and social standards of the World Bank Group (Performance Standards and EHS Guidelines).

Environmental risk assessment by our Corporate credit specialists is a key part of the credit ratings we generate while working on credit applications. As part of this process, our Corporate credit specialists consider sector information and analyses, sector checklists and contamination questionnaires. If the credit specialist perceives any risk, we may call in our sector specialists, environmental experts and, if warranted, external assessors to assist in assessing the risk. The result of the analysis



is part of our credit rating for the company and drives the terms of financing. A credit application with a level of environmental risk that is too high may be rejected.

UniCredit Group is also in the process of developing a foreign trade financing screening tool to assist us in assessing the ecological, social and reputational risks in the importers' or exporters' country.

THE ILSU HYDROPOWER PROJECT

In 2007, Bank Austria joined an international banking consortium to finance the Ilisu hydropower plant in Turkey. We repeatedly assessed the Ilisu project using the best possible information at our disposal, including awareness of the arguments and protests against the project. Our preconditions for involvement in the project were strict. It was essential that the project sponsors be fully conscious of their environmental and social responsibilities and be committed to comply with the World Bank Standards.

It was significant that the project sponsors agreed to establish a committee of independent and internationally renowned

experts on environmental, social and cultural issues to assume responsibility for the project's compliance with the World Bank Standards. Additionally, the state export credit agencies of Austria (Oesterreichische Kontrollbank/OeKB), Switzerland (SERV) and Germany (Euler-Hermes) have scrutinized the project to ensure its compliance with the World Bank Standards and have issued 153 terms of reference regarding the environment, resettlement, cultural assets and neighboring states, which must be fulfilled by the project managers.

A committee of experts report published in March of 2007 concluded that Turkey has not made much progress in fulfilling 150 terms of reference. Consequently, Mr. Rudolf Scholten, CEO of the Austria ECA (OeKB) announced that all involved ECAs (OeKB, Euler Hermes of Germany and SERV of Switzerland) have arranged to meet in Ankara to discuss this vital issue with the Turkish authorities. We trust that the ECAs who are taking the lead in this strict monitoring process will be able to work with the Turkish government to resolve these issues, and keep the project

implementation on track as planned and in accordance with international standards. UniCredit Group follows the further development closely and will keep a keen eye on the fulfillment of the terms of reference.

The Equator Principles and project finance

The Equator Principles, a voluntary industry benchmark and framework for assessing and managing social and environmental risks in project finance, were developed by various financial institutions including HVB. The Equator Principles are based upon the International Finance Corporation Performance Standards and the Environmental Health and Safety Guidelines of the World Bank Group.

This section offers details on project finance and the environment, forming a global industry standard, revisions to the Equator Principles, the UniCredit MIB competence center, reporting, project categorization and group-wide Equator Principles alignment processes.

PROJECT FINANCE AND THE ENVIRONMENT

Project finance is used for large industrial projects and for investment in emerging markets. Cash flow from the underlying asset is the main source of repayment of loans under this form of financing. There may be cases where ecological and social risks increase the probability of loan defaults and of reputational impact.

Other key ecological and social risk factors that we scrutinize include governance in a project's host country and management's capacity and experience in coping with such risks.

FORMING A GLOBAL INDUSTRY STANDARD

HVB joined with other banks in 2003 to formulate a global industry standard that defines a thorough environmental and social review process. The standard enables financial institutions to better assess, mitigate and avert potentially negative effects of projects on society and the environment. In addition to requiring compliance with the Performance Standards and the EHS Guidelines of the World Bank Group, financing must comply with host country environmental and social laws and regulations. According to the Equator Principles, projects must be classified and categorized according to impact as follows: high risk (A), medium risk (B) or low risk (C). Management capacity of the client must also be assessed.

For projects considered high risk or medium risk, project sponsors are obliged to prepare an environmental and social impact study as well as an environmental management plan. The identified risks determine the scope of the analysis. In the case of high-risk projects, an external review of the impact study is required. In order to mitigate risk, the client must provide an action plan that is satisfactory to UniCredit MIB and demonstrate compliance with the Equator Principles. Some exceptions for medium-risk projects in high-income OECD countries may apply.

Social and environmental requirements are covenanted in loan documents, and the client has to report on a regular basis on the implementation and compliance with those covenants. Reporting frequency is dependent upon the risk category of the project. The Equator Principles stipulate that financial institutions will endeavor to bring a non-compliant client back into compliance if social and environmental covenants are breached. Credits can be

cancelled for breach of such covenants if the breach is not cured within a predefined period.

REVISIONS TO THE EQUATOR PRINCIPLES

In 2006, the Equator Principles were revised to reflect financial institutions' experience with existing rules and to incorporate new IFC performance standards. In a broad stakeholder dialogue process, customers, civil society and development agencies commented on the new principles. HVB strongly supported the Equator Principles revision process and became the Chair of the Steering Committee.

In 2007, HVB coordinated the IFC comment period among Equator Principal Financial Institutions (EPFI) and played an important role in the stakeholder dialogue process related to the revision of the World Bank's EHS Guidelines. The EHS guidelines are sector-specific guidelines that replaced the Operational Directives Handbook of the World Bank. Since July 2007, HVB has headed the Outreach Working Group within the EPFI Management Structure and has worked to spread the spirit of the principles. Regional events in cooperation with the IFC are planned around the world in 2008.

In addition to involvement with the EP Outreach Working Group, HVB in its role as member of the Steering Committee is co-chairing two working groups, "Scope Review" and "Stakeholder Dialogue". The shared experience of participating in the working groups has yielded positive effects on our internal implementation of the Equator Principles.

For its efforts, HVB and ten other EPFIs received the Chairman's Award for Leadership in Sustainable Project Finance in London on 7 June 2007. This prize was

Responsible lending (CONTINUED)

awarded by the Financial Times together with the International Finance Corporation during the FT Sustainable Banking Awards.

THE UNICREDIT MIB COMPETENCE CENTER

Prior to the adoption of the Equator Principles in 2003, HVB had formed a team comprised of members from the Project Finance and Corporate and Social Responsibility departments to focus on the application of World Bank Standards in Project Finance. This team became the Equator Principles Team within UniCredit MIB. The EP Team serves as the competence center for staff involved in Project Finance. It organizes Equator Principles training and updates Project Finance management and staff on new developments. It has developed analysis tools and implementation manuals that assist Project Finance staff in assessing and categorizing projects, and has integrated Equator Principles assessment into UniCredit Group's credit policies and processes. The competence center receives expert support from qualified trainers.

In 2008, a training seminar on labor and human rights issues is planned to help project officers build awareness of these risks. IFC Performance Standards and the EHS Guidelines are included in sector policies currently under development. The record of accomplishment and the management capacity of each client are analyzed, and covenants appropriate to each credit facility are incorporated into documentation.

REPORTING

The UniCredit MIB Division regularly engages civil society, rating agencies and core clients on the progress made in transparent communication, as well as in implementation and development of sustainable policies.

The UniCredit MIB Equator Principles Team engages in discussions with its peers at other banks on a regular basis and meets with them at least twice a year. The team also meets under the auspices of the Equator Bank Initiative with civil society and export credit agencies once a year. The EP Team monitors and integrates the feedback of stakeholders in various ways, such as the development of sector-specific guidelines, credit policies and the calibration of its implementation processes and screening tools. The EP Team is involved in the development of best practices within EPFI initiatives that reflect the input of external stakeholder groups.

Projects financed and/or advised by UniCredit MIB to which the Equator Principles apply³ were categorized on 31 December 2007.

Reports on activities during the fourth quarter of 2007 were not available at the time of printing of this report.

PROJECT CATEGORIZATION

Of the 31 projects financed or advised by UniCredit MIB as of 31 December 2007 to which the Equator Principles apply, one was an (A) project, 29 were (B) projects and one was a (C) project⁴.

GROUP-WIDE EQUATOR PRINCIPLES ALIGNMENT PROCESSES

UniCredit Group is in the process of aligning all business Divisions and business lines to the Equator Principles.

A public announcement of our group-wide adoption of the Equator Principles will be made at the appropriate time.

UniCredit MIB's projects by sector and risk category ⁴				
PROJECT TYPE		CATEGORY A	CATEGORY B	CATEGORY C
Resources ⁵		1	14	
Energy	Renewables		9	1
	Fossil Fuels			
Infrastructure			6	

Number of UniCredit MIB projects by region		
		NUMBER OF PROJECTS
Europe	EU	4
	non-EU	2
America	North	11
	South	3
Africa		1
Asia		8
Australia & Oceania		2

3. As defined by Basel Committee on Banking Supervision, *International Convergence of Capital Measurement and Capital Standards* ("Basel II"), November 2005. <http://www.bis.org/publ/bcbs118.pdf>

4. High risk (A), medium risk (B) and low risk (C)

5. Includes oil & gas, mining & metals

Responsible investing

At UniCredit Group, many of our customers are committed to providing real benefits to society while maximizing their financial returns. That is why we provide our customers with the option of implementing socially responsible and sustainable investment strategies.

Our actions in this field include offering Socially Responsible Investing (SRI) asset products and adjusting the business model of HVB Wealth Management (WEM) to accommodate sustainable investment.

Socially responsible investing⁶

Pioneer Investments, the core of our Asset Management Division, offers three asset management products designed to enable investors to balance their need to maximize returns with their desire to adhere to ethical values. Presently two equity funds, the Global Ethical Equity Fund (€203 million AUM) and the Global Ecology Equity Fund⁷ (€1,425.9 million AUM), are on offer and are complemented by a bond distribution fund, the Obbligazionario Euro Corporate Etico (Euro Bond Corporate Ethical Fund with €253.2 million AUM).

This section offers details on the role of the Ethical Committee, on governance and independence, on capitalizing on skills and targeting resource allocations, on the Pioneer Global Ecology SRI fund, and on the European Sustainable and Responsible Investment Forum.

ETHICAL COMMITTEE

The Global Ethical Equity Fund and the Obbligazionario Euro Corporate Etico benefit from input and counsel from an Ethical Committee. Active in research and analysis in a number of sectors, the Ethical Committee conducts in-depth research into climate change, African investment opportunities, banking and finance, skin graft and stem cell research, zero energy buildings and energy-plus buildings.

In order to ensure efficient, streamlined feedback and greater independence in research and evaluation, the operating rules of the Ethical Committee stipulate that it may include a maximum of 12 external members and a maximum of two UniCredit Group members. Following a strict set of criteria, the members were selected from the fields of science, academia and the private sector.

GOVERNANCE AND INDEPENDENCE

Pioneer Investments was the first asset management company in Italy to sign the "Protocollo di Autonomia" of the Italian Association of Asset Managers (Assogestioni) in 2001 and to add to its corporate constitution an article that defined the responsibilities of Independent Directors. In this vital area, the company has made steady progress, nominating a significant number of Independent Directors to its Board since 2000. Currently seven out of 13 board members, including the Chairman, are unaffiliated with UniCredit Group. Independent directors play a major role in the corporate governance and monitoring of the internal control system at Pioneer Investments.

In fact, seven out of eight members of the Audit Committee are Independent Directors.

These important Independent Director majorities enable Pioneer Investments to manage its corporate governance independently from UniCredit Group. Pioneer has significant autonomy in the areas of operations, staff recruitment and the selection of many of its service providers (investment tools, custodians, fund administrators and investment research) and financial intermediaries.

CAPITALIZING ON SKILLS, TARGETING RESOURCE ALLOCATIONS

The investment process for Pioneer Investments' SRI funds was designed to capitalize on the Ethical Committee's skills and to target the allocation of resources to promising and sustainable companies. The ethical portfolios are constructed by the Portfolio Manager with the advice of the Ethical Committee and the Ethical Advisor. The ethical portfolios of Pioneer Investments feature two main types of investments.

The majority of investment in ethical portfolios consists primarily of securities included in ethical databases recognized by the financial community (FTSE4Good Global for equities, and ECPI Ethical Index Euro Corporate Bond for bonds) and the ECPI database. The remainder is devoted entirely to securities issued by companies that have a proven record of accomplishment in ethical and environmental areas (hereafter known as Distinctive Investments).

6. Disclaimer: We aim to provide accurate and current information on this report. However, we accept no liability for errors or omissions, or for loss or damage arising from using the information. We are not responsible for the content of other web-sites (or reports) linked to this report.

7. The Global Ecology Equity Fund formerly was an Activest Fund (the HVB asset manager). After the merger in March 2007 the fund became a Pioneer fund. Therefore, performance under Pioneer is related only to the period from 30 March 2007 to 31 December 2007. The one year and three year performance figures may only be reported through the inclusion of the Activest time range.

Responsible investing (CONTINUED)

The Ethical Committee set research objectives in 2007, which are indicative of our approach. Distinctive Investments now account for 11.52% of the Global Ethical Equity Fund's portfolio.

PIONEER GLOBAL ECOLOGY SRI FUND

In March 2007 a new SRI fund, Pioneer Global Ecology, was added to the Pioneer Funds portfolio. Its investment strategy is designed to achieve capital appreciation over the medium to long-term by investing a minimum of two-thirds of its assets in a range of equities and equity-linked instruments issued by companies producing environmentally friendly products and technologies. Such companies include those operating in the fields of air pollution control, alternative energy, recycling, waste incineration, wastewater treatment, water purification and biotechnology.

Stock selection is monitored for sustainability issues by Oekom Research AG. To avoid conflicts of interest in evaluating sustainability issues, Pioneer Investments relies on external advisors to screen opportunities.

EUROPEAN SUSTAINABLE AND RESPONSIBLE INVESTMENT FORUM (EUROSIF)

We believe that transparency within the scope of socially responsible finance brings



significant value and is a crucial factor that enables conscious choice and promotes a culture of social responsibility.

Pioneer Investments is committed to the Eurosif transparency guidelines. Pioneer Global Ecology Fund will be included within the scope of this commitment. Pioneer Investments has clearly defined its search, investment, control and monitoring processes in line with Eurosif's transparency guidelines and has dedicated an entire

section of our Italian website to SRIs in order to highlight this important issue.

Sustainable investment

UniCredit Group has taken note of the enormous potential sustainable investments have demonstrated in the recent past, the development of a comprehensive portfolio of sustainable investment products over the past five years and a rising interest on the part of the public in environmental and climate-related issues. Thus in Germany our Private Banking Division, through HVB's division of wealth management (WEM), moved to make sustainable investment part of its core business in 2007 and was properly positioned to benefit from the fact that sustainable mutual funds outperformed "classic" funds by 0.5% in Germany in 2007.⁸ In order to integrate sustainability into the WEM business model, we set a long-term goal of having ten percent of our Private Banking customers' assets in sustainable investments.

SRI key figures

Annualized one year return

Global Ethical Equity: -7.81%

Global Ecology SRI Fund: 11.01%

Obbligazionario Euro Corporate Etico: -1.14%

Annualized three year return

Global Ethical Equity: 8.70%

Global Ecology SRI Fund: 23.24%

Obbligazionario Euro Corporate Etico: 0.13%

8. FER-report, January 2008.

Transparency

UniCredit Group is committed to providing our customers with straightforward and transparent information that empowers them to make the best decisions according to their own financial interests and needs.

Our activities in this field relate to innovative transparent approaches, Cittadinanza attiva, communicating with our customers, PattiChiari, financial literacy initiatives, MiFID and the Consolidated Banking Services Agreement, and standardizing Personal Financial Advisor processes.

Innovative transparent approaches

In 2007, our commitment to innovative transparent approaches to our Retail customers and markets was centered on two key initiatives – *Trasloco Facile* and *Genius Ricaricabile*.

TRASLOCO FACILE

Our *Trasloco Facile* service in Italy provides fluid current-account mobility for our Retail customers. The first service of its kind in Italy, *Trasloco Facile* was designed to simplify and standardize our customers' ability to initiate or terminate their banking relationships. *Trasloco Facile* offers a concrete response to the suggestions made by several consumer associations and public authorities on this issue.

When activated, the service enables our Retail customers to delegate authority to UniCredit Banca, our primary Italian retail bank, to terminate their previous bank accounts and transfer all relationships and related services to the bank of their choice. We do the job whether we are transferring a new customer from another bank to UniCredit Banca, or the other way around. Our staff takes full responsibility

for the successful completion of the transfer process, freeing the customer from spending their valuable time deciphering and executing the kind of administrative chores that we specialize in handling effectively and efficiently.

We extended the *Trasloco Facile* service to our SME unit in May of 2007 and the service was available at Banco di Sicilia, Banca di Roma and Bipop Carire by October of the same year. By the end of 2007, UniCredit Banca provided this service to more than 56,000 Retail customers and to more than 2,000 SMEs.

GENIUS RICARICABILE

Because some of our Retail customers are increasingly sophisticated about financial services and account-related costs, we developed *Genius Ricaricabile*. This product financially empowers our customers by putting them firmly in control of the fee structure of their bank accounts through the responsible management of well-defined usage rules. This credit account has limited fees that can be reduced to zero by making use of its recharging features.

Genius Ricaricabile includes all the tools our Retail customers need: two international ATM cards, internet banking services, automatic bill payments, no limit on ATM transactions and a fixed number of branch transactions. Because customers are given control of their own fee structure, it is easier for them to keep a close eye on account-related costs and credit card functions.

PattiChiari ("plain bargaining")

During 2007, Unicredit Banca continued to participate in the PattiChiari Project - a broad consortium of Italian banks working to provide their retail customers with greater

transparency and ease of comparison among banking products. In doing so, the bank is simply continuing in its tradition of empowering customers, with the instruments and information they need to make better choices. Our aim is to continually broaden the foundations of a relationship with our customers that is based on a high level of trust and mutual understanding.

The initiatives of PattiChiari concentrate on concrete, finite issues, connected with retail banking services, savings accounts and lending. Among the main activities of the consortium in 2007, two initiatives in particular are worthy of note: *Cambio conto* and *L'indicatore sintetico di prezzo* are both designed to ensure that customers are fully aware of the comparative terms of the different types of bank accounts available to them.

Cittadinanzattiva ("Active Citizenship")

UniCredit Group has collaborated with *CittadinanzAttiva*, a prominent Italian consumer rights organization, on the subject of "investigating the use of electronic monetary and payment systems". The project investigated levels of public understanding, changes and developments in payment methods and the issues that affect usage patterns. At the end of the investigation, an informative brochure was developed, offering advice to consumers on the proper and secure use of these tools.

Communicating with our customers

We know that our customers appreciate transparent and open channels of communication, because they want

Transparency (CONTINUED)

and need to know about our products and services and the value that we can generate for them in comparison with our competitors. We make an effort to periodically review all documentation sent to customers (e.g., account statements and communications related to changes in pricing) to ensure that clear and simple language is used.

We use multiple channels to keep our Retail and Corporate customers up to date on important upcoming events and potential items of interest, and to provide them with detailed information on our products and services, interest rates, fees and expenses.

For example, Zagrebačka banka in Croatia has launched a new campaign called, "With expert advice, achieve more!" and produced a thematic booklet called, "Life as an investment horizon" that seeks to raise general awareness about savings and investment and the need to preserve the value of assets. These materials are available to our customers through branches and the website. In credit financing, Zagrebačka banka has made it easier for our customers to compare products with our competitors by highlighting "effective rate of interest" (EKS), as regulated by the Croatian National Bank. Our customers are not only presented with the actual price of the product during negotiations, but they also receive Zagrebačka banka's payment table.

Our commitment to transparency is also evident in our efforts to comply with local regulations (e.g., the Italian regulation DLgs 385/1993 and subsequent updates). These regulations require maintaining a high level of efficiency in internal processes and they improve our ability to provide information to our Corporate customers in a clear and transparent manner.

Easy access to account statements online is important to our customers, and we have taken steps to meet their needs. For example, we have integrated account statement printers at all branches into the HVB Direct B@nking system to enable our Private Banking customers to access their latest account statements online and save paper.

Financial literacy initiatives

UniCredit Group supports initiatives that promote the financial literacy of our customers, including financing for young adults, teens and children and workshops and road shows.

FINANCING FOR YOUNG ADULTS

We support the first banking needs of young adults, and we seek to enhance their financial literacy and empower them to increase their savings and reduce their costs. In Italy, for example, we designed *Genius Giovani* for our 18 to 30-year-old Retail customers. *Genius Giovani* provides participants with specific payment tools, services (e.g., international ATM cards, credit cards, unlimited transactions and internet banking services) and special rates on loans to enable our young adult customers to meet their financial needs and become accustomed to managing their assets through a zero-fee investment account and dedicated personnel support in branches. For university students 27 years old or younger, *Genius Giovani* is free.

FINANCING FOR TEENS AND CHILDREN

We aim to enable teenagers to learn how to manage their first savings accounts and

daily expenses while allowing parents to control their children's economic safety without impinging on their sense of autonomy. In Italy, for example, we have developed *Genius Teen*, a free deposit account for our Retail customers who are 13 to 17 years old. We offer participants special financial products to meet such personal needs as buying a personal computer or going on holiday. *Genius Kids* is another Retail Banking product that is aimed at the parents of children 12 years old and younger.

WORKSHOPS AND ROAD SHOWS

In cooperation with the eight banks that are members of the Croatian Banking Association, we implement free workshops to educate the public on the successful management of personal and family finances as a part of a project to promote the concept and practice of socially responsible business in Croatia. Our awareness-raising activities in Turkey in 2007 include the Independent Film Festival and the Cinema Concept Road Show, which travel to universities and are aimed at improving financial literacy among young people.

The Markets in Financial Instruments Directive⁹

Following the implementation of the MiFID Directive in Italy on 1 November 2007, UniCredit Group adapted its service model and products to comply with MiFID regulations.

The retail business has been primarily affected, and the principal changes have impacted customer classification, investment advice, inducements, information to customers and conflicts of interest.

9. i.e. with respect to its dictates on selling the appropriate products to the appropriate customers both in terms of responsible lending and in terms of investment products.



CUSTOMER CLASSIFICATION

All customers are now classified (e.g., as eligible counterparties, professionals and Retail customers). Most customers have been classified in the Retail customer category, which affords the highest level of protection. In most cases, customers may request a different classification.

INVESTMENT ADVICE

UniCredit Group has determined that it will always provide retail customers with investment advisory services together with other investment services, such as order reception and transmission of orders, execution of orders, subscription and placement of financial instruments, and trading on account (including OTC derivatives negotiation). Only suitable financial instruments may be recommended and a suitability test is always performed. In light of this, we have taken the following actions:

- A questionnaire has been drawn up to collect information evaluating the suitability and appropriateness of investments;
- Two main investment advisory processes have been implemented:
 - *“Advice given at the bank’s initiative,”* in which the bank offers only suitable financial instruments;

- *“Suitability evaluation of specific orders initiated by the customer,”* in which the bank will advise on the suitability of a financial instrument that the customer has ordered.

INDUCEMENTS

The introduction of the MiFID Directive has significantly affected the asset management business. As of June 2008, banks may no longer receive any implicit management fees. Therefore, UniCredit Group has reviewed its range of asset management instruments on offer to customers and has put into place a procedure for the disclosure of inducements both paid and received where the inducement itself is lawful.

INFORMATION TO CUSTOMERS

We have drawn up new materials to provide the customer with adequate information on the nature of financial instruments, the risks associated with them and the measures for the execution of orders intended to ensure the best conditions for the customer (e.g., Execution Policy, Transmission Policy, etc.).

CONFLICTS OF INTEREST

The MiFID Directive significantly improves approaches to conflicts of interest. Specific policies and related procedures are under

consolidation in order to identify, manage and disclose, if needed, the existence of potential conflicts of interest.

Standardizing Personal Financial Advisor processes

UniCredit Xelion Banca is our specialized Private Banking company that focuses on the provision of independent advisory services. It promotes transparency for our Private Banking customers by standardizing PFA processes through its Xelion Advice program, which is MiFID compliant. Xelion has also created a dedicated unit to support our PFAs, to conduct training courses and to assess the impact of Xelion Advice.

Service innovation

UniCredit Group believes that profitability is the inevitable byproduct of delivering superior service and appropriate solutions that meet the needs and aspirations of customers. Our service innovation strategy is based upon business sustainability principles. We consistently generate value for our customers and stakeholders through our network, through specialization, through optimizing our retail-banking channels, through our niche focus and through our attention to socially marginalized customers.

Our actions in this field include the development of specialized customer support, innovative products, niche products and services, optimized retail banking channels & services and internet banking services.

Specialized customer support

At UniCredit Group, we seek to provide our customers with highly specialized customer support and to increase their satisfaction with our work. Our actions in this area include sharpening our skills, enhancing our services, simplifying our processes, upgrading our capacity, deploying best practices, launching pilot projects and customizing our analyses.

SHARPENING OUR SKILLS

Last year one of the many special customer support initiatives we launched was the *Best in First* service model in Italy. Designed to sharpen the service skills of our Personal Banking consultants, this initiative capitalizes on lessons learned and improves the quality of service delivered to our Retail customers through a rigorous training regimen. We have already developed a modular training program for our elite performers (through the European Financial Planning Association's certification program)

for 2,000 consultants. The initiative also includes a component designed to provide mentoring for consultants who might benefit from one-on-one guidance.

ENHANCING OUR SERVICES

We know that effective customer service requires dedicated teams who can provide high quality service, monitor service quality, enhance processes and coordinate operations throughout our bank in order to provide fast and appropriate solutions to customer service issues. One of our many initiatives to enhance our services last year was to prioritize the formation and placement of Customer Service Teams (CSTs) at each of our 27 Bank Pekao hubs in order to improve service for our hub customers.

"I'M A CUSTOMER"

The Retail Division's *"I'm a Customer"* initiative is one of the largest and broadest organizational training projects ever realized by a bank. Designed for all our Italian mass-market assistants and bank tellers, the *"I'm a Customer"* workshop devotes two and a half days to the principles of emotional intelligence and customer satisfaction. The program began in March 2007 and aims to reinforce the culture of excellence embedded in the services offered to our customers.

This project goes to the heart of the most important aspects of our work. Not only does it contribute to our bank's customer-oriented identity, but also it leverages the competitive advantages we already possess. UniCredit Banca is investing in organizational training projects without equal in terms of importance, scope and the number of resources involved. We are pleased to be investing in our bank tellers and in our mass-market assistants - in other words, those colleagues who have first contact with our customers.

"I'm a Customer" is specifically defined as an organizational training project because it intervenes directly into the company's organization, leading in the end to a stronger corporate identity and culture.

SIMPLIFYING OUR PROCESSES

In order to simplify the mortgage process for our Austrian customers in 2007, we designed and established housing finance centers in each of our four market regions in Vienna. By bundling knowledge and tools from our larger branches into each center, our relationship managers' capacity to service our customers was optimized.

UPGRADING OUR CAPACITY

A further enhancement to our current service model in the CEE is the rollout of dedicated teams and products for cross-border customers. In each CEE Corporate department, a specific international desk with Italian, German and English speakers has been created to provide a one-stop shop to support customers from abroad in developing businesses in the local market. Our customers benefit from this efficient access to tailored international products, as well as from the easy access to UniCredit Group's international network. As an additional service to our Corporate Customers, CEE corporate departments are also providing access to European Union funds and other UniCredit Group financing products.

DEPLOYING BEST PRACTICES

We continue to improve our retail service model in the CEE, mostly in the area of advice. With regard to the investments of individuals, a structured approach was developed from UniCredit Group best practices that allowed us to listen better to customer needs and objectives, to propose consistent courses of action and to conduct regular follow up.

LAUNCHING PILOT PROJECTS

We conducted a thorough assessment of small business service models and market potential at the CEE level. Following this assessment, at the end of 2007 we started a pilot project with two of our banks to improve upon our current model and service delivery for customers. Other banks will follow in 2008. We also launched a project offering credit protection insurance to safeguard borrowers against death, disability and unemployment, and a microfinance program was dedicated to small enterprise.

CUSTOMIZING OUR ANALYSES

We are focused on serving our affluent Retail Customers better. In Austria, for example, we developed AssetCheck to analyze the asset allocation of our clients. The customized reports, advisory services and an individually balanced asset allocation for each customer's investment have elevated the quality of services that we can now offer through Bank Austria. Along with the risk/return analysis that we now provide, we also are able to provide our customers with direct feedback on ways to improve the asset allocation in their portfolio.

Innovative products

UniCredit Group continues to develop innovative financial products to meet the many needs of our extremely large and diverse customer base, which now spans 23 countries in Europe. Our new products include special business accounts and mass bill payment systems.

SPECIAL BUSINESS ACCOUNTS

We find it important to come up with products for our Corporate SME customers' private and business banking needs. *Willkommenskonto Business* in Germany is a special business account that we designed

for these customers that features strong transparency features.

AUTOMATED BILL PAYMENTS

We develop new and convenient ways for our customers to conduct transactions and meet their financial obligations. For the convenience of our Polish customers, for example, we are in the process of developing the *Wygodne Rachunki* system of automated bill payments. Bank Pekao is extending its network of cooperating agents, dramatically expanding the number of payment drop off centers where customers can pay their cable TV, gas and energy and telephone bills among many others. Soon there will be roughly 2,000 payment centers.

Niche products and services

UniCredit Group is working hard to ensure that everyone has equal access to our financial services. That is why we proactively develop customized products to meet the financial access needs of our niche customers, including high-tech startups and the disabled.

FINANCING FOR HIGH-TECH STARTUPS

We support high-tech startups through purpose-designed credit granting processes and services. For example, UniCredit Banca looks forward to strengthening this vital sector in 2008 by granting low initial indebtedness rates to meet the sector's financial needs, while in the German market we implemented *Concept Grün* (i.e. *Gründung und Nachfolge* is translated as "startups and successors") for startups with a view to supporting both entrepreneurs and the German economy. We offer specific product packages to meet the diverse needs of each entrepreneur, and at present we are

busy training our core German team of 40 specialists who will focus on the needs of this innovative group of customers, including small entrepreneurs.

SERVICES FOR THE DISABLED

UniCredit Group is working to increase the accessibility of our financial products and services. In Germany, for example, we were the first service provider in Europe to introduce Braille-imprinted service and savings cards. By collaborating with the German Federation of Blind and Visually Impaired People, HVB and the card manufacturer Giesecke & Devrient, which exclusively supports this project, have set an important example for supporting people with disabilities. The aim of this joint initiative is to offer our blind and visually impaired customers easier-to-use plastic cards.

We are working to break down barriers for our disabled customers in other areas within our control as well (e.g., seeking wherever possible to make our branches and ATMs wheelchair-accessible). The optimized channels described below are a key component of our efforts to improve the accessibility of our banking services for people with disabilities.

Optimized retail banking channels and services

The growth and development of innovative banking channels increases our ability to reach more customers and to offer packages at lower prices. The self-service approach represents a significant opportunity to provide our customers with new ways to save time, simplify their transactions and increase their overall level of comfort while at the same time reducing expenses (e.g., *Genius One* costs €1 per month and *Imprendo One* costs €5 per month).

Service innovation (CONTINUED)

We offer our Retail customers a broad range of value added services, saving them money because today's customers deserve to have a modern and efficient relationship with their bank. According to the agency, Grandi Numeri, more than 60% of all Italian customers still use branches, at least once a month. 96% of them go to branches to withdraw cash, while 59% of them go to deposit cash, spending an average of 15 minutes in line for each transaction. 95% of all people interviewed preferred ATMs, and 66% evaluated financial institutions based upon the self-service personal banking options they could provide to the customer.

Optimized Retail Banking channels now account for 69% of all major transactions (e.g. deposits, withdrawals, bank transfers, tax payments, MAVs and utilities) traditionally executed at the branch level. This positive trend is a direct consequence of our investment of €34 million to train 800 employees in ATM and Kiosk client coaching.

This section details our optimized channels including our *it's easy to save time* project, Telephone Business Service Centers, and exclusive channels and innovative products and tools to serve our SME customers

through Confidi. This section further details our optimized services including purpose-designed credit granting processes and standardized credit-products and collateral for small business customers and professionals. Online banking, which is a key optimized channel, is also addressed below in its own section.

IT'S EASY TO SAVE TIME

In Italy, our *"It's easy to save time"* project in 2005 was designed to meet evolving customer needs through the development of optimized retail banking channels for our traditional branches. We invested €176 million over five years (2005 to 2009), and by 2007 we had 1,980 second generation ATMs, 2,100 multimedia kiosks and a full complement of online personal banking options in Italy.

Between 2004 and 2007 we reduced our cash operations by 20% and succeeded in shifting many core operations to our ATMs in Italy. Our total number of transactions has increased to 96.3 million in 2007, significantly increased from 66 million in 2004, and we have approximately 6,140 ATMs (including second generation ATMs) installed in our branches, up from 5,820 in 2006 and 5,167 in 2005.

Our multimedia kiosks now play a positive role in our Italian Retail Customer's banking experience, permitting them to execute almost all types of non-cash transactions and make payments via ATM.

TELEPHONE BUSINESS SERVICE CENTERS (BSC)

In response to feedback from our Austrian customers, we set up Business Service Centers (BSC) in Austria to allow our Retail Customers to conduct their banking by telephone, email or fax from 8.00 am to 6.00 pm. The project began with a small pilot program involving roughly 5,500 customers in one region of Vienna in March of 2007. The pilot program was a success and we decided to roll out the concept across Austria in the spring of 2008. Following the rollout, we project that we will have serviced roughly 16,400 customers in the BSC in three locations - Vienna, Klagenfurt and Salzburg.

CONFIDI

In Italy, UniCredit Banca has developed a strong partnership with Confidi, a consortium guaranteeing the credit exposure of SMEs and facilitating short, medium and long-term loans. Confidi has long been a preferred financial partner for Italian SMEs. This is why



UniCredit Banca has developed exclusive channels and innovative products and tools to serve our SME customers better through Confidi. These include specialist teams in every Regional Office dedicated to Confidi and its member companies. They identify products and solutions that address local needs, including locally issued bonds, tranching credit risk protection and local networking. Confidi credit ratings have significantly reduced the time from application to loan approval and delivery for its member companies.

K@R.AT

In December 2007, *K@r.at*, a process providing support for standardized credit-products and collateral for small business customers and professionals in the Austrian Retail network, was fully deployed to maximize our efficiency in granting credit.

Internet Banking

The internet enables our customers to conveniently execute financial transactions from anywhere at anytime. At UniCredit Group, we are paying close attention to the potential of internet banking to transform our relationships with our customers in all of our markets.

BANCA MULTICANALE

By the end of 2007, 1.7 million of our Italian Retail Customers had purchased the Banca Multicanale service, up 28% from the previous year, with an increase of 38% year on year of enabled current accounts. The number of individual customers rose to nearly 1.4 million, while the number of small enterprise customers rose to 355,000, up 70% from the previous year.

Because of Banca Multicanale's fine performance, UniCredit Banca received the 2007 Financial Innovation award from Milano Finanza for "Sportello ATM Evoluto,"

the Interactive Key Award 2007 "Best Corporate Web Site" and the 2007 Web Oscar of LABItalia System and Associazione della Comunicazione Pubblica.

1-CLICK ADVICE

In Italy we established a new finance portal for our Private Banking Customers called *1 Click Advice*. Additionally, we created innovative products including certificates and structured products that are channeled to relevant customers by specialists from the Global Investments Division.

E-ZABA

In Croatia, 38,087 business entities had internet accounts in 2007. Our *e-zaba* Corporate internet-banking platform handled more than 18 million cashless payment orders in 2007. Our Corporate Customers use the *e-zaba* platform to execute payments abroad as well, with 230,428 orders for payments in 2007.

PEKAOBIZNES24

In Poland, we continue to develop our *PekaoBiznes24* Corporate internet-banking platform. *PekaoBiznes24* is a modern on-line banking system that substantially facilitates funds management and allows our Corporate Customers to settle their payments on-line throughout the entire business day.

In 2007, we made several modifications to enhance security and system ergonomics. We also added payment features and targeted process improvement. Our Corporate Customers are increasingly interested in our internet-banking platform, and we have seen a jump in the number of our corporate clients holding internet current accounts from 1,500 in 2005 to 8,500 in 2007.

We look forward to launching several new and important internet channels in 2008,

including "Straight Through Processing" for foreign payments, the development of a trade finance module and the introduction of EuropeanGATE, which will enable our Corporate Customers to manage their accounts in Poland and abroad within UniCredit Group.

We are finding that our Polish customers are also enthusiastic about our *Pekao24* retail and SME internet-banking platform, as well as our *PekaoFirma24* SME internet-banking platform.

The total number of our customers with access to our internet banking platforms continues to increase, from 2.1 million in 2005 to 2.6 million in 2007. Of these customers, roughly 500,000 had internet current accounts, compared to approximately 300,000 internet current accounts in 2005.

RETAIL AND CORPORATE INTERNET BANKING IN TURKEY

In Turkey, the number of internet current accounts at YKB has remained relatively stable over the past two years. We now have roughly 950,000 individual Retail internet banking customers and more than 80,000 Corporate internet banking customers.

PRIVATE BANKING ON THE INTERNET

There were 23,547 internet current accounts at UniCredit Private Banking in Italy in 2007, an increase from 20,641 accounts registered in 2006. Italy also accounted for 494,122 internet-banking transactions in 2007¹⁰, which represented 49% of the total number of Private Banking internet transactions we processed.

10. The figure refers only to trading transactions and money transfers

Complaint management

Managing our customers' complaints is a vitally important part of our business, both from a regulatory and a customer service point of view. Complaint management is the formal process that allows us to properly record and resolve a complaint. This process incurs not-insubstantial direct and indirect costs but is well worth the expenditure because each complaint reflects the direct experience and opinion of one of our customers, and provides an excellent reference point from which to improve our performance.

At UniCredit Group, we strive to transform the knowledge that we derive from our customers' complaints into tangible value to ensure the long-term sustainability of our business.

Our actions in this area include handling complaints within 48 hours, increasing our capacity, relaunching systems and standardizing processes, listening to suggestions, creating special Units, implementing quality control projects, coordinating our Units, maintaining open lines of communication and pending lawsuits.

Handling complaints within 48 hours

One of the steps that we have taken to improve our response time was the development and implementation of the Q48 complaint solution process for our Retail Branch network in Italy. This provides for the handling of complaints within 48 hours of their being lodged. Our strength in acting on complaints is a core component of our culture, as reflected by the numbers: from 2005 to 2007, written complaints decreased by 71%, and from 2006 to 2007, by 51%.

The average time we took to resolve the complaints from Retail Customers was reduced in 2007, while in the same time period we managed and closed almost 110,000 recommendations with the Q48 complaint solution process. Customer satisfaction with our handling of their complaints was slightly above the average for the banking sector.

Increasing our capacity

Our numbers for Germany are not directly comparable with Italy, primarily because at present we are using the HVB Complaint Management System to measure the volume and nature of complaints. Germany is steadily increasing its capacity in this vital field, better enabling us to identify specific areas of concern, to openly address and resolve challenges, to demonstrate our interest in our Retail and Corporate Customers' needs and to settle complaints in a professional manner.

The percentage of our Retail customers with a complaint in Germany has remained steady over the past two years, varying between 7.3 percent and 7.8 percent.

Number of recorded complaints by country, 2006-2007		
NUMBER	2007	2006
Italy	4,271	8,737
Germany	39,496	24,271
Austria	7,969	7,846

The sharp increase in recorded complaints for Germany is due to the implementation of simplified procedures that facilitated the complaint recording process. The low numbers for Italy are because complaints that are successfully managed and closed through the Q48 process are not recorded.

Listening and responding to suggestions

We try to listen and respond to all of our customers' legitimate comments and complaints. For example, in Croatia, we fielded and recorded 47,443 complaints delivered in person, by email or by telephone in 2007 (21,244 of which were from Corporate Customers) and were able to send responses to all of them. We received the most Croatian customer complaints about Giro accounts, Go!Card, e-zaba Corporate internet banking, Maestro cards and MasterCard.

The Go!Card is a new product that we are working hard to improve in line with our Croatian customers' comments and suggestions. We also field complaints about our ATM and Point of Sale (POS) devices. We will continue our efforts to resolve these issues. According to the data we have collected, the highest number of complaints relates to customers' Kuna accounts and e-zaba Corporate internet banking. Most of these complaints stem from unrecognized transactions per account, which are a result of the way our business counters are currently set up and the way we have been processing orders through our direct channels. We are committed to changing these processes and we expect the number of complaints to be significantly reduced in the near future.

Fine-tuning complaint management processes

Our efforts to make specific adjustments to complaint management processes include creating special Units, re-launching systems and standardization, implementing quality control projects, coordinating Units, maintaining open lines of communication and resolving disputes through Ombudsmen.

CREATING SPECIAL UNITS

Special Units facilitate the monitoring of all steps involved in the complaint management process (e.g. a complaint examination and registration process, definition of statistical data for complaint reporting and a recommendation process to relevant bank offices to transform complaints into strategies to improve our service to the clients). In Poland, for example, we tasked a special unit to handle the complaints of companies with annual revenues between €2.5 and €65 million that form our Mid-Corporate customer base in this country. In response to their comments and suggestions, we have established a mechanism to manage claims and monitor the time and quality of our responses. We have also nominated Operational Officers and Managing Directors to oversee the complaint management process within all of Bank Pekao's branches and regions. All complaints and details are recorded in a central system called REK. In Poland in 2007 we received approximately 40,000 complaints from both Retail and Corporate customers, down slightly from the approximately 43,000 complaints we received in 2006.

RELAUNCHING SYSTEMS AND STANDARDIZING PROCESSES

We relaunched our Private Banking complaint management system and standardized processes at BankPrivat and Schoellerbank

in Austria. As a result, we have implemented a new system of reporting to determine the reasons for customer complaints and to evaluate customer complaint behavior to facilitate a more proactive form of customer satisfaction management.

IMPLEMENTING QUALITY CONTROL PROJECTS

UniCredit Group supports specific initiatives to promote quality in everything we do. For example, we continued to implement two key quality control projects that were launched in Poland in 2006. The first of these projects was designed to enhance our credit processes, e-banking, claims, cooperation and coordination processes. The second project actively implements tools to measure Corporate customer comments and the reasons they gave for closing their accounts.

COORDINATING UNITS

In Turkey, YKB has an extensive program that works in concert with the Quality Department (*Kalite ve Şikayet Yönetimi*) to deal with our Turkish customers' requests and complaints. We continue to diversify our products and services in Turkey with a careful eye towards Customer Relationship Management (CRM) tools and statistical models, the sub-segmentation of customers and ongoing research on customer expectations. We are

working to develop a single integrated tool to be deployed within all YKB complaint Units. Our goal is to develop a standardized approach to managing the complaint cycle.

MAINTAINING OPEN LINES OF COMMUNICATION

We maintain several contact channels (e.g. representatives, email, SMS and traditional call centers) to receive our Retail & Corporate Customers' complaints. We work to understand our customers and their needs and we do our best to resolve complaints as quickly as possible. We leverage modern technology to process customer requests and ideas quickly so that we can provide feedback and develop a comprehensive improvement process.

Pending lawsuits

At the end of 2007, the UniCredit Group was involved in three lawsuits for damages and in several revocatory lawsuits brought by some of the Parmalat Group Companies.

There were also pending some lawsuits opposing the winding-up balance.

The UniCredit Group believes it will be able to prove that it was not, nor could have been, aware of the situation of insolvency of the Parmalat Group; that being said, as far as are concerned, the revocatory lawsuits provisions have been made for an overall amount considered consistent with the risk of loss on the various lawsuits.

More details, about both the most relevant among the above lawsuits and the lawsuits originated by the criminal investigations carried out between the end of 2003 and the end of 2005 on some employees and managers of the former Capitalia, presently UniCredit, may be found in the consolidated UniCredit Group annual report.



Corporate derivatives

Derivatives products are financial instruments whose characteristics and value depend upon the characteristics and value of an underlier typically a commodity, bond, equity, interest rates or exchange rates. The main varieties of derivatives are futures, forwards, options and swaps.

A swap is a contract in which two parties agree to exchange periodic interest payments, based upon a notional principal amount.

Italian companies are historically characterized by high level of debt that is indexed at a floating-rate. In 2001, most of the interest rate swaps dealt by Italian companies were structured convert the floating interest cost of the loan into a fixed one. In this way, the companies protected themselves against any rise in floating rates.

In 1999 UniCredit Group reorganized its business model in order to offer specialized and diversified services to different kinds of clients, such as families and companies.

This reorganization drove the Group to answer specific needs, such as the companies' requests for derivative products.

UniCredit Banca d'Impresa (UBI) corporate derivatives business reached its peak in 2002. From December 2001 to December 2002, the notional amount of interest rate derivatives increased to around €31 billion, then decreased slowly down to around €26 billion at the end of 2007.

At the end of 2007, the weight of interest rate derivatives was approximately 95% of the total UBI corporate derivatives business. During the 2007 fiscal year, in a context of rising interest rates, the net negative Mark-to-Market of interest rate corporate derivatives decreased by ~40% from €1.5 billion to approximately €900 million.

At the end of 2007, the total number of UniCredit Banca d'Impresa corporate customers with an interest rate derivative was around 8,600 (~8% of UBI client base).

Claims

Since the number of claims registered on corporate derivatives increased in 2007 as a result of market developments and media coverage, UniCredit Banca d'Impresa has further strengthened its assistance for customers in this area, thereby facilitating the settlement of the majority of claims.

In 2007, UBI received a total of 793 claims concerning the derivatives business - a number considered to be within normal bounds for a banking operation of our size and scope. Around 80% of these claims have been resolved.

Reorganization

In 2007, UniCredit Banca d'Impresa completed the business process of reengineering for derivatives products, with a focus on the reorganization of sales force activity.

The sales force has been segmented to align with the complex of customers' needs and to meet the criteria of our customer-centric approach.

A Customer Care Unit has been set up, with the aim of providing an effective aftersales service to the clients.

Also, a Customer Care Derivatives Executive Committee was established at the beginning of the second half of 2007.

The result is a significant improvement of the monitoring of post-sale operations, as

well as the customized management of our individual accounts. This has led to improved response time to customer complaints and consulting requests.

Due to the MiFID regulatory framework (1 November 2007), UniCredit Banca d'Impresa adapted its service model and products to comply with the regulation.

UBI offers a dedicated investment advice service for the negotiation of derivatives products. To this end, new processes for advice and sales of derivatives together with new contractual terms for this asset class have been defined.

In addition, under MiFID provisions, in order to comply with offsite offerings, UniCredit Banca d'Impresa's financial advisors shall subscribe the dedicated register.

Customer satisfaction

We build long-lasting relationships based on dialogue and cooperation by constantly focusing on our customers' needs.

We endeavor to pool and leverage all the banking know-how available at UniCredit Group in the service of our customers, regardless of location. This approach enables sustained growth in the European market, which has undergone a remarkable transformation in the last several years in terms of increased competition and monetary and fiscal policies.

UniCredit Group's international profile poses certain challenges to our capacity to meet the expectations of all the communities we serve. In response, we have made significant investments, which allow us to maintain our local personality while operating on an international basis. For example, the Retail Division has made extensive investments in cross-border strategies and service models, which can effectively be scaled across a common service-oriented culture.

Our actions in this area include implementing the TRI*M Index and acting on results, customer surveys and developing new customer satisfaction tools and initiatives.

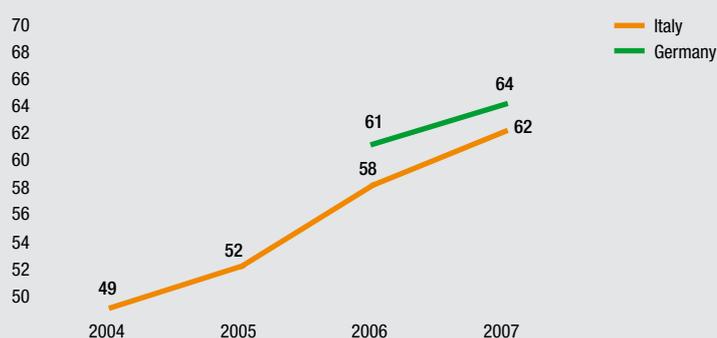
The TRI*M Index

UniCredit Group uses the TRI*M Index to monitor the satisfaction of its customers across our Divisions. While the Index is in use in the CEE Division as well, this section primarily details the role of the TRI*M Index in our Retail and Private Banking Divisions.

RETAIL DIVISION METHODOLOGY

The Retail Division has established a clear methodology built around the TRI*M Index, a licensed model of the TNS research company, to reliably assess customers'

TRI*M index for Germany and Italy, 2004-2008



comparative satisfaction levels in all 23 countries where UniCredit Group operates. The TRI*M Index is a proprietary scoring system that measures the quality of the consumer experience based on a synthesis of four questions in customer satisfaction surveys. These four questions are: How much are you satisfied with the service provided by the bank? Would you recommend the bank to a friend? Should you have the chance of changing banks, would you choose our bank again? and How is the service provided by the bank compared to competitors?

Answers are weighted and a score of one to 100 is assigned. The TRI*M Index measures customer satisfaction in terms of products, processes, service quality, sales networks, etc. It also monitors customer loyalty, identifies opportunities and challenges with reference to different territories, products and/or services, determines priorities for intervening in products and processes in order to improve service quality and response time, and compares performance over time.

In order to improve our understanding of our Retail customers' needs, we match highly aggregated information with the

front-line insights of branch employees and managers. In this way, we generate value for our customers and stakeholders. Those customer-satisfaction ratios are a key factor in the Retail Division's bonus system, illustrating our commitment to transforming customer satisfaction data into concrete action.

In Italy, we have succeeded in raising our TRI*M retail customer satisfaction levels from 49 in 2004 to 62 in 2007 and, in Germany, from 61 in the second half of 2006 to 64 in 2007. In Austria, Bank Austria scored a 60 and a 68 on the TRI*M Index in the Affluent and Mass Market segments respectively.

TRI*M AND PRIVATE BANKING

Since 2004 we have measured the Customer Satisfaction Index annually. In this time, it has increased a great deal, from a rating of 66 in 2004 to a rating of 72 in 2007. At Xelion, our personal banking customers' satisfaction with their Personal Financial Advisors was measured as 77 on the TRI*M index, a slight decrease from 78 in 2006 and 79 in 2005. In Austria in 2007, our BankPrivat scored a 66 on the TRI*M Index, while our Schoellerbank scored a 72.5.

Customer satisfaction (CONTINUED)

In Germany, WEM measures the satisfaction of our Private Banking customers through standardized comprehensive and structured interviews several times a year and relies on the TRI*M Index as a benchmark, scoring a 71 in both 2007 and 2006. In Turkey in 2006 at YKB our overall Mass TRI*M Index score in 2006 was 74, our Upper Mass TRI*M Index was 75, our SME TRI*M Index was 68, our Private TRI*M Index was 76 and our Corporate & Commercial TRI*M Index was 89.¹¹

ALTERNATE MEASUREMENT SYSTEMS

Results in the table below show significant growth in our Croatian customers' satisfaction with Zagrebačka banka when measured on a scale of 1 to 5. Impressive growth was recorded in the family banking segment.

Customer satisfaction in Croatia has increased steadily from 2005 to 2006, with the largest gains made among the MASS segment, where it jumped almost by 0.5 points (one is the lowest score and five is the highest).

Retail Customers satisfaction index in Croatia			
	2005	2006	2007
MASS	3.94	4.39	4.45
AFFLUENT	4.42	4.56	4.71
SMALL BUSINESS	4.37	4.59	4.19

Corporate customer satisfaction index in Croatia			
	2005	2006	2007
MID CORPORATE	4.25	4.53	4.58

11. YKB 2007 scores were not available as of the time of the printing of this report.

Customer Surveys

Customer surveys are one of the primary ways that UniCredit Group listens to our customers' comments and suggestions. Accordingly, this section details how we listen to our Retail, Corporate, Private Banking, Asset Management and CEE customers.

Listening to our Retail customers

We conducted more than 200,000 Retail customer interviews in Italy in 2007 with UniCredit Banca customers and 20,000 interviews with our competitors' customers. Comprehensive monthly results are delivered to management, while branches receive a full report annually, with tri-annual updates. At the end of each year, analysis of this information is developed into 2,500 branch action plans, 198 market action plans and 11 regional action plans. These plans generally call for the development and implementation of advanced training-based initiatives to enable us to meet the ever-changing needs and expectations of our customers and the market.

We conducted more than 80,000 Retail customer interviews in Germany in 2007, completing roughly 120 interviews per branch. As a result, our quarterly service reports provide a wealth of detailed and actionable information that enables each branch to understand its strengths and potential areas for improvement in terms of its customer relationships.

We conducted more than 1,900 telephone Retail customer interviews in Austria in 2007. We dedicated part of Bank Austria's 2007 customer satisfaction survey to conducting an initiative called *Small Business One-Stop Shopping*, in which a single Relationship Manager handles a given customer's private and business banking needs.

We measure the satisfaction of our customers periodically throughout the year, depending on the division, country or legal entity involved. For example, we measure the overall satisfaction of our customers in Turkey once a year, while branch-based customer satisfaction is measured six times per year using either computer-assisted telephone interviews (CATI) or face-to-face methodologies according to the customer segment we plan to engage. Additionally, we solicit feedback from our customers through "contact us" forms on our website, the Head Office Customer Complaints Team, the Credit Cards Customer Service Team, the General Customer Satisfaction Research team and Branch Based Customer Satisfaction Research.

Our surveys yield important results that help us do our job better. For example, we discovered that approximately two-thirds of our Austrian Retail Customers were taking advantage of the extra level of convenience and service provided by *Small Business One-Stop Shopping*, and we are moving swiftly to build upon this insight in 2008 by stepping up our training

and communications activities. In order to consolidate our significant gains in customer satisfaction and service quality, we implemented incentive-based systems to reward our elite service-delivery performers.

The results of our cumulative surveys further demonstrate the importance of direct personal relationships with customers. For example, we discovered that Zagrebačka banka's customers derive the most satisfaction from their interaction with our personal bankers and business relationship managers. This insight into our customers' preferences has led us to develop a service similar to personal banking in the family banking segment. We have also removed the counters from our branches and offer comfortable seating arrangements to our customers.

Group-wide, we work to incorporate the results of customer satisfaction surveys into efficiency measurements of the entire sales and management staff and aim to develop action plans when the results are received and analyzed.

Key figures regarding our Retail customers in Italy, Germany and Austria

LISTENING TO OUR CORPORATE CUSTOMERS

UniCredit Group now encompasses many strong traditions of listening to customers from our legal entities. For example, we have carried out Corporate customer surveys in Germany since 1994 and we pride ourselves on establishing and maintaining relationships with our Corporate customers. We take the time to personally engage our customers during their branch visits and make private visits

to customers at home. We also provide automated services such as online banking through our virtual branches, telephone banking through *HVB Direct*, and service terminals, including cash machines and account statement printers.

Additionally, we provide our corporate sales teams with the latest in technical tools for customer relationship management. With them, relationship managers can collect comprehensive, up-to-date customer data at any time. This enables those involved in the advisory process to recognize a customer's particular requirements and to provide customized service.

LISTENING TO OUR PRIVATE BANKING CUSTOMERS

In order to monitor the quality of Private Banking customer service, we use several different methodologies.

At HVB's WEM Division, for example, we have two main methodologies. For the *Externes Servicebarometer*, which is a quantitative survey designed to assess the satisfaction and mood of our customers, we use CATI to deliver a standardized questionnaire which takes 15 to 20 minutes to complete. Our survey sample is approximately 1,000 interviews.

For the *Private Banking Monitor*, which is a competition survey to assess the satisfaction of Wealth Management clients across several banks, we use standardized 25 to 35 minute computer-assisted personal interviews (CAPI) to explore the attitudes, wishes, financial needs and product usage of wealthy private clients. The sample size for this second survey is approximately 300 interviews per survey.

HVB WEM has developed several projects based on our customer satisfaction initiatives, such as a training program for

sales staff that integrates the results of the satisfaction surveys, feedback initiatives and mystery shopping that allows our staff to become familiar with the latest customer satisfaction data. This data informs our product development, which has led to the development of such new products as HVB FirstPaket and the WEM-Beratungsdialog advisory tool.

Comprehensive, structured and standardized telephone interviews to solicit our customers' views, comments and suggestions are also used, for example at BankPrivat and Schoellerbank in Austria.

When appropriate, UniCredit Group will call upon the services of external companies such as GfK Eurisko Finance to perform customer satisfaction analyses for our legal entities such as Xelion in Italy. In 2006, the results from an external survey of Xelion customers found high levels of satisfaction.

The results from our surveys are translated into action. For example, as a direct result of our Private Banking customer satisfaction surveys in Italy, we plan to expand our range of products to provide more dynamic and innovative offerings, including Internet Banking and Certificates to meet the needs of our younger clientele.

LISTENING TO OUR ASSET MANAGEMENT CUSTOMERS

Pioneer Investments has deployed a sophisticated customer research and satisfaction model that combines quantitative and qualitative analyses to produce methodologically strict and fundamentally sound results. Last year we contacted more than 4,000 customers worldwide, representing €158 billion of assets under our management, and listened carefully to what they had to tell us.

Customer satisfaction (CONTINUED)

LISTENING TO OUR CEE CUSTOMERS

The overall program of integrating the CEE Banks of UniCredit Group, HVB and Bank Austria into the UniCredit Group structure was initiated in 2006. The program focused on maintaining a high standard of service for our customers and minimizing negative impacts that might have resulted from our ongoing merger activities.

In 2007, we conducted a broad survey, involving most of the CEE countries, to measure the satisfaction of our CEE Corporate and Retail Customers, making use of the TRI*M Index when possible. The survey aimed to provide an updated and comprehensive monitoring of current

customer satisfaction and to launch a permanent process to improve customer service levels. The survey results showed that our CEE Customers' level of satisfaction was in line with our major competitors. In the countries involved in the integration program, our customers' perception of the quality of our service was only slightly affected by the mergers.

Based on these survey results, each CEE country developed a specific action plan for implementation in 2008. Among other initiatives, some banks decided to undertake improvements in the complaint management process to achieve better levels of customer retention.

Customer satisfaction tools and initiatives

UniCredit Group selectively employs specific tools and initiatives to further our customer satisfaction goals. Accordingly, this section details our Mystery Shopping program, responses to specific feedback, connecting our Private customers, developing new programs, guaranteeing service excellence and committing ourselves to our customers.

MYSTERY SHOPPING

In our Mystery Shopping program, we send undercover representatives to shop



for products and services from all relevant Divisions. The resulting data provides us with impartial and objective critiques of the customer experience at the branch level and permits us to study and analyze how best to improve as necessary.

For example, we organize more than 1,300 Mystery Shopping visits each year in Italy and more than eight Mystery Shopping visits per branch in Germany, sharing data with all branch and market-level teams to ensure a full 360-degree awareness of our competitive environment. When necessary, we redesign our programs at the branch level to improve our overall picture of branch service and performance and do our best to ensure uniform standards to achieve top rankings in comparative mystery shopping tests.

RESPONDING TO SPECIFIC FEEDBACK

Initiatives including customer surveys and Mystery Shopping generate accurate and anonymous, aggregated information. Yet a bank that seeks to remain close to its clients must also be ready at all times to receive and respond to specific feedback from individuals.

That is why we encourage our customers to talk to us in a variety of ways. For example, we encourage our Retail customers to complete suggestion cards in branches, to contact us online and to send emails directly to the Deputy CEO of the Retail Division. In fact, more than 2,000 customers from Italy and Austria have opted to contact the Deputy CEO directly. Responses are sent out within 48 hours of receipt of the initial contact.

KNOWING OUR PRIVATE BANKING CUSTOMERS

In Italy, we created the *Osservatorio sulla Clientela* in 2007 to serve as a direct link between our top management and our Private Banking customers. This link is

complementary and functions independently from a customers' Private Banker. The *Osservatorio sulla Clientela* provides an ideal means to monitor customer satisfaction surveys, identify priorities and test new products and initiatives.

DEVELOPING NEW PROGRAMS

In 2007, we set up a new program that will manage all of our Corporate customers in Italy, Germany and Austria beginning in 2008. The mission of the new program is to develop, implement and launch a new customer satisfaction program called *Listen to Act*. The aim of the new program will be to guide, support and coordinate a common strategic approach across the Corporate Division by providing key analyses from the project to top management.

During the 2007 pilot phase of this program, we developed a simple methodology based on best practices and a short questionnaire tailored to our Corporate customers' needs. We interviewed more than 6,300 customers from all segments including new customers from Capitalia. The *Listen to Act* rollout began in February of 2008 and engaged 30,000 of our Corporate customers in Italy, Germany and Austria.

GUARANTEEING SERVICE EXCELLENCE

As part of a drive to enhance our Asset Management customers' investment experience, Pioneer Investments concluded a Service Level Agreement in 2007 with UniCredit Banca, one of our key distributors. This agreement guarantees that Pioneer Investments will provide the level of service that UniCredit Banca's clients expect. In particular, the agreement clearly sets forth measurable key performance indicators that cover the full spectrum of services. Starting in 2008, the Service Level Agreement will be extended to UniCredit Private Banking.

In addition to the Service Level Agreement, Pioneer Investments has established an Internal Quality Unit that will monitor the total quality of processes that have an impact on our distributors and our clients. The unit will proactively seek to identify potential shortcomings and actively propose corrective actions.

COMMITTING OURSELVES TO OUR CUSTOMERS

We take firm action to ensure that we stay committed to our customers. In Germany, for example, our *Living Service Culture* initiative calls for our WEM team to be always on-call, always able to uphold best-in-class service levels and always to be prepared to travel to meet our Private Banking customers whenever and wherever. Our people are also required to be deeply engaged in our communities and to contribute to networks, charity organizations and volunteer work.

Security

At UniCredit Group, we are implementing every reasonable precaution to protect our customers and their information.

Our actions in this area include establishing a new Global Security Department, reducing robberies and theft, increasing surveillance, cooperating with law enforcement agencies, cards and fraud prevention strategies, internet security measures, Business Continuity Planning (BCP), corporate cash management and data security.

Establishing a new Security Department

In January 2007, we established a new Global Security Department to develop all the activities related to safety, logistical security and protection of privacy. We employed an innovative global approach based upon a close relationship with businesses and local territories. The new Security Department is focused on protecting customers both as “people” and as “customers”.

Reducing robberies and theft

With 3,346 robberies in the Italian banking system in 2007 (an eight percent increase from 2006), we are focused on protecting our customers and our employees from this security threat. As cash is still heavily favored for many different types of transactions in Italy, our primary strategy in 2007 has been to reduce the amount of cash circulating in our branches in Italy. The amount of cash in each branch every day is strictly monitored and controlled to meet average daily requirements.

Our data shows that this preventive strategy is paying dividends, as UniCredit Banca bucked the trend by successfully decreasing the total number of thefts and robberies in 2007 by 32% in comparison with 2006. Robberies are not just an Italian problem. With 5,406 robberies in the entire European banking system (numbers include Italy) in 2006, we continue to analyze and recommend security adjustments on a group-wide basis.

As a result of other security initiatives and tweaks, we have an extremely low number of robberies in our banks in other parts of Europe. In Austria, for example, bank robberies decreased from 26 in 2004 to 15 in 2007 due to better safety measures. Poland as well experienced decreased rates with only four incidents over the past three years. We experienced a sharp decline in thefts in Poland in 2007, with only six thefts as compared with 13 in 2006 and 14 in 2005. Theft incidents involving our own personnel remain low, with only one incident in 2007 as compared with two incidents in 2006 and two incidents in 2005.

In Turkey, risk exposure to robberies and theft has decreased throughout the years. Compared with 2005, the number of events decreased 54% in 2007 (from 24 to 11 incidents), indicating that our preventive measures have been effective.

Increasing surveillance

In many of our branches and offices, we have replaced the old, push button-activated cameras with permanent security systems that are always active and, where practicable, deployed the latest technology instead of relying solely on traditional guards to provide physical security for our customers and employees. We also support innovative projects such as the

pilot *Integrated Security System* project that deploys remote video surveillance and other high-tech monitoring systems to intercept and interpret unusual trends, signals and activities. We also initiated a program in Italy to keep our employees informed regarding the latest security issues and topics so that they too can be a part of our overall effort to enhance branch and office security group-wide.

Cooperating with law enforcement agencies

We develop strong and collaborative relationship with local law enforcement agencies. For example, in Italy we have participated in joint signings of the “Protocols on Robbery Prevention,” while in Poland, we minimized external and internal threats that may cause losses to our bank by cooperating with law enforcement agencies and with threat analysts in the banking sector.

Cards and fraud prevention strategies

Our actions in this area include adopting new technology, free SMS alerts, anti-skimmer devices, in-sourcing credit card fraud management activities and robust monitoring systems.

ADOPTING NEW TECHNOLOGY

As of January 2008 in the Single European Payment Area, all credit cards are required to include microchip technology. We proactively launched the *Bancomat Microchip* project in 2007 in Italy. Since then, we have delivered roughly 800,000 microchip cards and adapted all Points of Sale (POS) to this innovation. All of our Bancomat Maestro cards now utilize both



microchip and magnetic tape technology. Microchip technology provides a significantly higher level of security than magnetic tape technology because microchips cannot be cloned. In early 2008, our Retail Customers can also look forward to the progressive replacement of magnetic tape cards currently in circulation with new microchip cards.

Following the migration to Chip & PIN in Turkey, we observed a striking decrease in fraud. The wide usage of PIN codes has proven to be an effective countermeasure to mitigate loss, theft and counterfeit fraud.

FREE SMS ALERTS

We conducted a massive drive in 2007 to register our Italian Retail Customers' mobile telephone numbers and have achieved in excess of a 60% adoption rate of all ATM cardholders. We extended our free SMS alert service to cover many different types of transactions made with ATM cards in Italy including refilling pre-paid cards and

payment and withdrawal activities potentially vulnerable to fraud.

DEPLOYING ANTI-SKIMMER DEVICES

Skimmers (electronic readers that capture and copy magnetic tape data on an ATM card when it is inserted in the ATM) have posed a constant threat to consumers using magnetic tape cards. To effect a smooth transition between magnetic tape and microchip technologies, our ATMs continue to deploy anti-skimmer devices to prevent criminals from utilizing skimmers in Italy and Turkey, for example.

IN-SOURCING CREDIT CARD FRAUD MANAGEMENT ACTIVITIES

In Italy in 2007 we in-sourced credit card fraud management activities, both for issuing (credit/debit card duplicating) and acquiring processes (fraud on POS devices). This increased the level of security in credit card services thanks to a faster and more effective intervention.

ROBUST MONITORING SYSTEMS

At YKB, we view authorization as another tool for risk management and fraud control. While executing authorization decisions, we are careful to balance the need for fraud control with our customer service objectives. We have daily merchant and card activity monitoring in place to identify potentially fraudulent activities.

Internal and external fraud loss events are collected and monitored closely on a web based loss database. Operational Risk Management performs measurement, analysis and evaluation of the fraud events. Fraud events are analyzed and potential losses are mitigated via effective insurance management. Internal and external fraud events are monitored and shared with the Audit department. With our Key Operational Risk Indicators (KORI) project, internal and external fraud risk indicators are collected from related departments, and the trend of risks, including potential losses from theft &

Security (CONTINUED)

robberies, are tracked monthly. KORI is a risk indicator based on an early-warning system, which allows countermeasures to be taken quickly when risk becomes acute.

ACHIEVING FRAUD REDUCTION RESULTS

Our efforts get results. In Turkey, for example, our combined actions have resulted in the reduction of credit card fraud from more than 1,200 incidents in 2005 to less than 400 incidents in 2007. In the same period, we succeeded in cutting the total US dollar amount of fraud in half. The statistical and behavioral models we use to monitor fraud in Turkey allow us to recognize peculiar transactions by factoring in actual cardholder behavior as well as known fraud patterns.

Internet security measures

In addition to traditional card and authorization fraud, we are keenly aware that internet crimes are on the rise. Cyber-crimes including phishing are often difficult to track and are the result of highly sophisticated syndicates of criminals that operate in countries where there are no legal regulations. We conduct annual threat assessments of internet fraud to identify risks and to gauge the risks posed to our customers and stakeholders. As internet banking becomes increasing popular, preventing internet fraud will become one of our biggest security challenges.

PHISHING

UniCredit Group takes a proactive approach toward online fraud. For example, since 2005 in Italy at UniCredit Banca, we are no longer restricting ourselves to securing our own information systems, but are undertaking broader initiatives as well. This more comprehensive online safety program consists of a three-pronged strategy:

1. Providing internet customers with

protective software tools to aid them in the safe use of internet banking services;

2. Providing customers with appropriate training and advice on basic precautions;
3. Developing effective fraud management systems.

STATE OF THE ART ELECTRONIC KEYS

Based upon a careful study of internet fraud, UniCredit Banca has effectively mitigated customers' risk of online fraud by providing them with the *UniCredit Pass*, a state of the art electronic key that generates single use temporary passwords valid for no more than 60 seconds at a time. *UniCredit Pass* represents the best current technology to protect against such online frauds as phishing.

UniCredit Banca distributed more than 700,000 *UniCredit Passes* in 2007. The *UniCredit Pass* initiative is a part of our broader online security program that works to develop security and educational tools to support our online personal banking customers. Our partnership with Symantec, the leading software company in the field of IT safety, has been renewed, thereby making it possible for our customers to download a range of security software (including anti-virus, firewall and anti-spam products) for free or at discounted prices from our online banking website.

Similar initiatives to the *UniCredit Pass* are on offer group-wide. For example, we provide our customers in Turkey with the latest technologies such as smart keys, smart SMS, smart cards, electronic signatures, single use password technology, customizable security settings, an e-keyboard to combat phishing and spyware, Turkcell Mobil Signatures and personalized virtual keyboards.

ITAN PROCEDURES

We seek to protect our customers from all types of third party fraud with respect to our banking services. To counter Internet fraud ("phishing") our banks in Germany were among the first to introduce the iTAN system of transaction number codes, which is a further evolution of the TAN system currently in use. In the event our direct banking system in Germany was to be compromised, measures are in place to liaise through a central evidence center with other major private banks in order to exchange information about current Internet attacks.

NEXT GENERATION ITAN PROCEDURES

We support the modern alternative TAN procedure for OnlineB@nking. The *mobileTAN* procedure is the next generation of the iTAN procedure (indexed TAN) and is the safest TAN procedure currently available because of combined two channel authentication. Using the *mobileTAN* procedure, our Austrian Retail Customers will now receive a *mobileTAN* on their mobile phone every time they need to authorize a transaction. As they will receive *mobileTANs* via SMS on demand, no more TAN letters will have to be kept or distributed by mail. This quick and easy way of authentication is available free at any time around the world.

At the end of 2007, Bank Austria had 518,000 *OnlineB@nking* users, of which 300,000 used *OnlineB@nking* frequently. Roughly 17% of frequent users had already switched from iTAN to *mobileTAN* and took advantage of this convenient and secure authentication procedure, while a quarter of all *OnlineB@nking* transactions are currently signed via *mobileTAN*.

Reducing fraud-based losses to zero at UniCredit Banca will result from improved technology, innovative systems and constant communication with customers

BANKING SECURITY SYSTEMS

- Code generator confirmation system
- VerySign

PC PROTECTION

- Symantec Partnership:**
- Free tools and information for antivirus analysis
 - 40% discounted price for Norton Complete products

CLIENT EDUCATION

- Online and offline education for Customers on how to avoid navigation problems and errors

TRANSACTION MONITORING

- Monitoring of suspect operations
- Precautionary closing of compromised accounts

COOPERATION

- Collaboration with the Polizia Postale leads to prompt and effective intervention on ongoing frauds or tentative frauds

SPECIALIZED MONITORING GROUPS

A monitoring group was established in 2005 to identify, follow up and work together with official departments to analyze fraud and offer solutions. In Turkey, for example, we monitored 1,689 incidents of phishing in 2007. This represents almost a 100% increase from the 939 incidents we monitored in 2006.

KEEPING OUR STAKEHOLDERS IN THE KNOW

In 2008, we plan to provide all of our branch staff with a series of training courses in internet fraud. We will begin a Smart Fraud Detection System in the second half of 2008. Our Internet Banking Department regularly updates our Turkish customers on the latest fraudulent schemes on the internet, and we have proactively initiated several programs to prevent fraud.

Business Continuity Planning (BCP)

Business continuity is an area of constant concern to the UniCredit Group. Over the past few years, all of UniCredit Group's legal entities have implemented Business Continuity and Disaster Recovery plans. To address external events, changes in regulations and increased pressure from customers, we continually upgrade these procedures in all our businesses throughout our territories. In 2007, group-wide coordination became an integral part of our approach to global business continuity, helping us to provide a clear cross-functional perspective across the rapidly growing UniCredit Group and resulting in the implementation of numerous local initiatives.

Security (CONTINUED)

ORGANIZING CONTINUITY EFFORTS

Business Continuity is organized around three main pillars:

1. Group Security defines standard business continuity policy and guidelines applicable across UniCredit Group.
2. Sub-Holding/Regional Security
Departments issue specific methodologies, rules and regulations based on defined guidelines. These departments act in accordance with the principles of consistency and oversee the implementation of strategy.
3. Our legal entities formulate, implement and test their continuity plans.

The Group Security team has been set up to coordinate the implementation of a proactive and effective group-wide crisis management policy.

OPERATIONAL MANAGEMENT OF BUSINESS CONTINUITY PLANS

All UniCredit Group legal entities are directly responsible for identifying their continuity requirements and drawing up appropriate business continuity plans. They regularly test the effectiveness of their plans and then define and implement specific crisis management procedures. These responsibilities are part of a standard UniCredit Group methodology designed to ensure that continuity plans are effective. This methodology, which is compliant with BS:25999 standards, consists of four main phases embedded in an overall BCM program management and integrated in the awareness program of the UniCredit Group:

1. Understanding the organization. This includes providing information that enables prioritization of an entity's processes and services and the urgency of the activities that are required to deliver them.

2. Determining BCM strategies. This allows an appropriate response to be chosen for each product or service enabling the organization to continue to deliver those products and services at an acceptable level of operation and within an acceptable timeframe during and following a disruption.

3. Developing and implementing a BCM response. Procedures are drawn up for triggering continuity solutions in each crisis situation. Organizational, functional and technical procedures are documented and updated a minimum of once per year.

4. Exercising, maintaining and reviewing BCM arrangements. Business continuity plans are regularly tested and relevant documentation is updated in line with changes in the technical or regulatory environment.

While it may be difficult to protect against all eventualities, over the past few years, UniCredit Group has significantly increased its resilience. Business continuity is a requirement imposed by banking regulations and it is a major focus of attention for the UniCredit Group. We seek to offer clients, shareholders and employees a stronger and more resilient bank in an increasingly complex and volatile environment. This imperative is reflected in the business continuity plans we have in place, which help improve the performance of operational risk control and crisis management systems while ensuring that resources are efficiently allocated.

Corporate cash management and data security

The confidentiality and security of our Corporate Customers' data and transactions are one of our top priorities. Our customers can have confidence that we are constantly adopting new strategies, procedures and policies to tighten the security of their money and data.

We have implemented a series of activities to address corporate internet banking security, which is the most important channel used by Corporate customers for cash management activities.

We anticipate making a one-time password smart system mandatory for all of our Corporate Customers and we will continue to promote the use of electronic signatures. Furthermore, we have developed a new IT infrastructure, CBI2, for Italian remote corporate banking. This new IT platform increases security of data transmission, thanks to its compliance with digital signature services. The ability to transmit digitally signed electronic invoices increases the level of security and timeliness in Business-to-Business transactions.



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The Integrity Charter and suppliers

The Global Sourcing Area's (GSA) mission is to assume responsibility for procuring all goods and services necessary for our legal entities. Currently, GSA's operational scope includes Italy and Germany, with a view to assuming responsibility for procurement in Austria in the near future. GSA complies with all laws and regulations of the countries and regions in which we operate.

Our activities in this area are as follows:

1. **The Integrity Charter and suppliers**, providing information on how we apply our values to our supplier relationships;
2. **Supplier selection and management**, discussing our criteria and evaluation processes;
3. **Socially responsible procurement**, addressing key considerations and methodologies in our approach to social responsibility and procurement risk.

We involve all relevant UniCredit Group Units in the process of procuring services and products in order to achieve the highest degree of objectivity. We consider it our mission to guarantee that the most innovative and reliable solutions are implemented while approaching this important process with respect and open communication.

Acting in concert with the UniCredit Group's core principles, we provide equal opportunities to all suppliers who transact business with us. We use multi-parametric tenders on our web platform (i-faber) to choose our supplier partners. Prior to tenders, we define the qualitative scores attributed to invited suppliers and in order to minimize exceptions we respect tender results as much as possible.

Our suppliers are important business partners and stakeholders of UniCredit Group. We base our interaction with them on our Integrity Charter, which calls for the development of supplier relationships that are grounded in fairness, trust and mutual respect. This means that agreements are made to the satisfaction of all parties. Through our collaboration with suppliers, we seek to infuse CSR principles and initiatives throughout the entire supply chain and aim to raise the long-term value of all the companies involved.

Supplier selection and management

GSA chooses suppliers based on objective qualitative criteria.

Selection criteria

Economic criteria play a key role in the supplier selection process. We evaluate all prospective suppliers to ensure that they comply with relevant laws, regulations and environmental values. Among other criteria, we ensure that they provide quality services and goods with sufficient delivery lead-time, use technology that minimizes environmental impact and comply with the technological requirements of our technology center.

In the initial appraisal phase, although ISO14001 and EMAS are not compulsory, we require that our suppliers adhere to sustainable development and environmental best practices.

Management of locally-based suppliers

We do not distinguish between local and global organizations. We require that all suppliers comply with the local laws and regulations in the countries and regions in which they operate. They must comply with commercial codes, foreign exchange laws, international copyright laws and child and forced labor laws.

In Italy, for example, in order to gauge suppliers' compliance with the Integrity Charter, we require suppliers to complete a thorough electronic "certification" questionnaire focusing on quality and on suppliers' social and environmental record.

The electronic questionnaire is designed to elicit information on the supplier's balance

Socially responsible procurement

sheet, economic results, organizational structure, number of employees, environmental and CSR certificates, and quality certification.

The automatic evaluation process yields a point based rating, which allows our buyers to accept new proposals in our Suppliers Book and vet a potential new vendor.

We align our internal procurement processes with UniCredit Group's CSR commitments. To that end, we will implement a risk class model to evaluate potential risk levels of all prospective suppliers, products and services.

Outlined below are our approach to risk evaluation, risk minimization plans and an example of our approach in action.

Procurement risks

The highest CSR-related procurement risks relate to reputational risks arising from critical sources (e.g., products or raw materials associated with a particularly high level of reputational risk) and child labor. These risks can stem either directly from the suppliers themselves or from the product delivered.

In order to minimize these product to supply chain risks, we evaluate products based upon specific CSR criteria (child labor, critical sources and health considerations including emissions, particulate matter, noise, chemicals and dust).

We minimize procurement-related risks by:

1. requiring suppliers to complete questionnaires on a regular basis;
2. requesting certifications whenever possible;
3. requiring compliance with GSA's internal risk model and evaluating products for compliance with specific environmental, social and labor risks;
4. setting up a CSR work-stream team within Global Procurement with the goal of developing methodologies and tools to apply procurement's CSR risk class model;
5. training procurement staff.

Our approach in action: recycling at UniCredit Group

Even before UniCredit Group was formed, the board of HypoVereinsbank and UniCredito Italiano determined that the companies would use only recycled paper for internal communications.

We continue these strong recycling traditions by purchasing Forest Stewardship Council (FSC)-certified paper to ensure that UniCredit Group's reputation for taking a responsible approach to the environment is upheld by our paper procurement decisions. Our European global tender for 2008 is designed to select suppliers with the best prices and the best environmental compliance record and product selection (e.g., Totally Chlorine Free recycled paper).



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Our communities

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The Italian Territorial Committees

For UniCredit Group, it is essential not only that we provide a strong return for our investors and excellent products and services for our customers, but that we achieve social legitimacy by adding significant value for all of our stakeholders.

As a large financial institution, we occupy a privileged position at society's crossroads and thus bear a great responsibility to assume a constructive and proactive role in the communities in which we operate. We do so not only because we would like to be good corporate citizens, but also because strong local markets are essential to the future growth of UniCredit Group.

Accordingly, this chapter provides information on our efforts to make significant contributions to the economic, social and cultural development of our communities through specific initiatives as well as partnerships with local people, organizations and institutions.

Our activities in this sphere are as follows:

1. **The Italian Territorial Committees**, including information on the project's origins, mission, methodology and initiatives;
2. **Art and culture**, including the art collection, UniCredit & Art project and musical, literary and academic partnerships and initiatives;
3. **Research and institutional relations**, including community-oriented economic, social research and institutional relations initiatives;
4. **Contributions**, including donations, emergency aid and employee volunteerism;
5. **Universities and scholarships**, including international scholarships, research fellowship competitions for economic and financial disciplines and funding for universities;
6. **The Unidea Foundation**, including details on ongoing projects in Africa and Central and Eastern Europe.

In 2007 we invested approximately €69 million in these areas, of which approximately €3 million was allocated for Territorial Committees, €40 million for Partnerships, and €26 million¹ for Contributions. The Unidea Foundation in 2007 utilized more than €10 million for its activities.

Many of the partnerships we formed in 2007 were cultural in nature, with a particular focus on classical music and contemporary art, but also including literature, sports, academia, institutional events and conferences, among others.

1. This figure of €26 million is comprised of the approximately €14 million for donations by UniCredit Group's legal entities plus €12 million which has been set aside in reserve and is normally utilized for the financing of the Unidea Foundation's activities.

UniCredit Group energetically embraces the concept of making our expertise available and assuming our responsibilities on the local level, as well as bringing together different viewpoints and seeking out common perspectives. We are confident in the knowledge that the process of enhancing pluralism and community dialogue is essential to the continued growth of the company in all markets, and this is the philosophy on which we have founded the Territorial Committees. Currently, there are 21 territorial committees in Italy with 315 members. Their task is to objectively assess and interpret the socio-economic conditions specific to their local communities and to develop concrete project proposals, identifying solutions that promote balanced and sustainable regional economic development.

The Italian Territorial Committees are advisory bodies appointed by UniCredit Group's Board of Directors. Their members are prominent figures drawn from local businesses, trade associations, research institutions, NGOs, cultural institutions and voluntary organizations, serving alongside regional UniCredit Group segment bank managers.

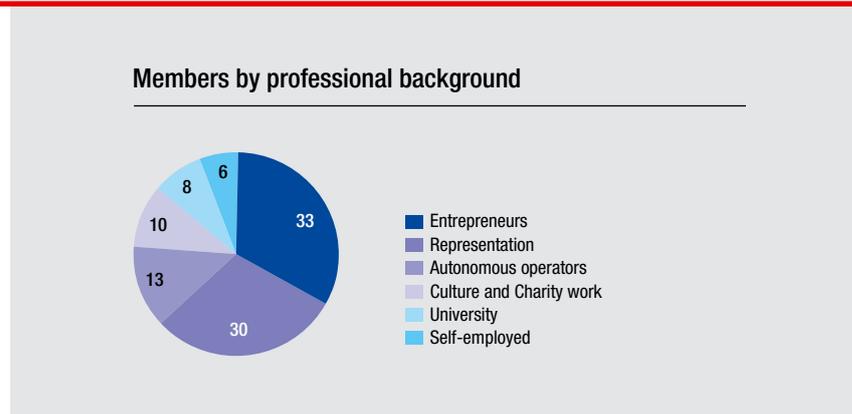
The committees therefore represent the interface between corporate culture and local culture. They possess shared objectives and work in an inclusive atmosphere that embodies the spirit of UniCredit Group. Four years after their establishment, they are regarded today as unique and vital entities, a source of competitive advantage and added value. They serve as organic venues where citizens can meet, discuss and set priorities for their localities, and in which UniCredit Group acts as a valued facilitator of community interaction.

Our activities in this area include developing roots, sharing viewpoints and identifying concrete projects, organizing committees, projects on infrastructure, tourism, internationalization, business, agriculture and immigration, outreach and communicating with our stakeholders.

Developing roots, sharing viewpoints and identifying concrete projects

From the outset, the committees' *modus operandi* has been characterized by three key objectives: developing roots in the community, sharing viewpoints and identifying concrete projects.

Establishing deep roots in a territory to us means building strong ties to the people, institutions and other components that define it. It means identifying and respecting the local customs, economic considerations and cultural identities of the region, and adapting ourselves to specific local needs. The constructive sharing of perspectives results when the culture of a large organization such as UniCredit Group meets the culture of a regional community in all of its many facets. This interchange can take the form of local initiatives and public events



on subjects of mutual interest, as well as seminars and training courses organized for the engagement of regional companies and representative associations.

The development of concrete projects is the final, creative stage of the committees' work. Initiatives are devised that aim to synergize the inputs of all the participants and to put to best practical use the energies both of the committees and of the social, cultural and economic parties with whom they have engaged.

Organizing the committees

To date, 21 committees have been organized, those in the South being the most recent. Over the course of 2007, UniCredit Group's profile at the local level was consistently strengthened and consolidated. In particular, the company's strategy to extend its regional roots produced the Puglia-Bari Committee, established in July, the Campania-Naples Committee, established in September and the Sicily-Palermo Committee, established at the beginning of 2008.

Still more recently, a name change was carried out, from "Local Committees" to "Territorial Committees," as the latter term

better conveys the goal that UniCredit Group has set itself, which is not simply local in scope, but seeks rather to organize whole territories by linking up existing social and business networks into cohesive new entities.

Projects on infrastructure, tourism, internationalization, business, agriculture and immigration

Over the course of 2007, the Territorial Committees jointly convened a series of working groups to identify areas of need in which multiple territories had expressed an interest. They established the following common areas of action: *infrastructure, tourism, internationalization, business, agriculture and immigration*. This approach made it possible to initiate a series of high-level projects of common interest to more than one territory and that involved all relevant business Units within UniCredit Group.

THE SAMORIN PROJECT

Of these, one international initiative is worth a special mention. The Samorin Project was developed by the Territorial Committee of

The Italian Territorial Committees (CONTINUED)

Vicenza, based on a concept suggested by its chairman, Massimo Calearo, with the support of the local industrial association. Designed to enhance the competitiveness of the regional industrial cluster, it is the first example of an agreement between an Italian business association and a foreign local authority. The consortium of Vicenza-based companies that are part of the project had heretofore enjoyed considerable financial subsidies under EU expansion policies. To remain competitive, the consortium established an industrial and technological park in Samorin, Slovakia. There, 15 Italian companies have so far set up operations, including a permanent training center, an office for related industrial associations and a one-stop administrative office. A Unibanka AS branch and a Service Center are also being built, along with a Cross-Border Desk.

THE NORTH-WEST PROJECT

Another undertaking jointly developed by several Territorial Committees, "the North-West Project" emerged from synergies among the Alessandria-Asti-Cuneo Committee, the Pedomontana Lombarda Committee, the Torino-Canavese Committee and the Valle d'Aosta Committee. With the objective of supporting and promoting the culture and economy of the region, the project addressed the topic of collective assets as a basis for economic competitiveness, identified the distinguishing features of the region's production model, studied factors that could encourage cooperation among local organizations, and examined the issue of a common cultural identity. The topic of strengthening the port system in Liguria received special attention. The project entailed numerous research initiatives and public discussions.

ENVIRONMENTAL DEVELOPMENT IN THE ALPINE ARC

Another multi-committee project addressed the question of regional and

environmental development in the Alpine Arc, stretching from Valle d'Aosta in the West to Friuli-Venezia Giulia in the East. Altogether seven territorial committees in the region participated in identifying new frameworks and unexplored avenues for environmentally sensitive development. The hospitality sector received particular attention. A broad survey of the region, while recognizing distinct local characteristics, identified a shared awareness of the value of the region's "natural capital" as a resource of prime importance to future development in the area. The study noted the importance of developing a shared planning approach engaging the territories of all seven committees.

The Alpine cooperation attracted the interest of other committees in northern and central Italy, resulting in the creation of similar working groups, which have conducted further studies, research and surveys in collaboration with universities and regional experts to explore other facets of the impacts of tourism. Notably, Territorial Committees in Vicenza, Umbria and Rome have all taken up the issue, with the intention of identifying possible strategies to enable joint action in support of the tourism sector, which has historically served as a fundamental economic driver in these regions.

INFRASTRUCTURE IN ROME

The topic of infrastructure was addressed by the Territorial Committee of Rome, which developed a joint effort with the Roman Chamber of Commerce. The "Master Plan for Large-Scale Works," supported by a study conducted by Censis, examined current and future infrastructure plans for the Rome area, with an emphasis on identifying high-priority projects and analyzing the nature and adequacy of their funding mechanisms.

INTEGRATION AND SOCIAL COHESION

Additionally, the Modena-Parma-Piacenza-Reggio Emilia Committee addressed the increasingly topical issue of integration and social cohesion, conducting a research project in collaboration with the AASTER Consortium. The project is designed to monitor and support the initiatives carried out in the Province of Modena on the issue of accommodation. It examines the impact of immigration on local communities and of programs designed to introduce immigrants to local school systems and training programs.

Outreach

The committees' role as a liaison with the territories also entails promoting the territorial projects to enable them to reach a wider audience. To this end, events and

Territorial Committee Projects	
TYPE OF PROJECT AT 2007	NUMBER
Corporate Social Responsibility	3
Social Cohesion - Immigration	20
Enterprise - Innovation	15
Enterprise - Internationalisation	6
Enterprise - Continuity	2
Infrastructure - Logistics	3
Sector Research	6
Development (Territorial - Environmental - Agricultural)	23
Tourism	6

conferences have been organized, engaging the active participation of high-profile academics and important representatives from institutions, non-profits and the world of economics, as well as key local figures.

The experience thus far has confirmed the usefulness and effectiveness of these public events, which enable committees to

share their experiences and to exchange ideas within the territorial network, thereby increasing their own visibility, enhancing the image of the membership and demonstrating the value provided to the territories in question. The 2007 program featured a wealth of opportunities for discussion and debate, both at the local level and in the broader societal context of

the topics addressed by the committees' various projects.

The events held during the year, listed in some detail in the table below, enjoyed excellent coverage by local and national media, thus underscoring the strong bond between the UniCredit Group and the territories in the eyes of the general public.

EVENTS 2007

16 March, Vicenza	"An alliance for business continuity: promoting collaboration between private enterprise, banks and professionals to support and develop business capital"
16 March, Trento	"Trentino: a new boost to the development of tourism. What is the contribution of the banks and the financial system?"
13 April, Genoa	"Passage to the North-West – businesses, territories and banks: a network for Europe"
24 May, Bolzano	"UniCredit Desk Bolzano-Innsbruck-Trento" (introductory press conference)
31 May, Milan	"Famiglia Spa: generational cohabitation and company longevity"
3 July, Mantova	"Banks and agriculture: energy, environment and territory"
9 July, Bard (AO)	"The alpine platform between network capitalism and local development"
19 July, Bevagna (PG)	"Territorial networks: UniCredit Local Committees and the soft economy"
28 September, Ancona	"Finance, enterprise and research centers" (introductory press conference)
5 October, Bergamo	"Towards the biomedical platform of Bergamo and Brescia: a potential avenue for the evolution of industrial clusters"
24 October, Rome	"RES Roman solidarity" (introductory press conference)
24 October, Codroipo (UD)	"The sea of Central Europe and territorial resources. The role of the bank in supporting tourist services and the hospitality supply chain"
26 October, Brescia	"Brescia, between innovation and change: the new bank-company relationship"
9 November, Bolzano	"Local small and medium enterprise and the challenges of a Europe expanding towards the East. The support of the institutions and banks"
14 November, Treviso	"The local territory as a tourism system. The role of the bank to support the chain of tourist services"
19 November, Milan	"Samples of Italian quality" (introductory press conference)
21 November, Rome	"The plan for large-scale works in the Rome area. Development prospects and funding opportunities"
23 November, Rho-Pero	"Responsibility and territory: a comparison of experiences"
27 November, Modena	"Migration: from working within the city walls to living in the territory"

The Italian Territorial Committees (CONTINUED)

“SAMPLES OF ITALIAN QUALITY”

In 2007, the value of UniCredit Group's territorial relations strategy was underscored by our successful participation – in the dual roles of exhibitor and organizer – in the “*Samples of Italian Quality*” exhibition, held at the Rho-Pero Exhibition Center from 22 to 24 November. The exhibition, evolving from an agreement with the Symbola Foundation, Fiera Milano and Expects, was a trade-fair event presenting an array of high-quality Italian products and services, ranging from manufactured and handmade goods to cutting-edge industrial products, from research to regional marketing, from architecture and design to innovative hospitality services, from new technologies to high-quality food, wine and other agro-industrial products, from cultural goods and information to style and fashion creations, and from regional production centers to innovative new service enterprises.

Although the exhibition was international in scope, its close ties with the surrounding region were illustrated by the strong presence of those territorial organizations and business clusters that characterize Italy and which generate so much economic, social and cultural value. The event proved to be an excellent opportunity to reaffirm our leadership in supporting the “*Made in Italy*” brand and to express our deep regional roots in the energizing context of a pan-European business network.

The UniCredit Group's support of projects that bring together, analyze and promote the incubators of territorial economic and financial innovation is critically important and demonstrates the value that we place on maintaining close ties with the territories, as well as with the new local leaders stepping forward to guide the process of consolidation and growth.



THE “GRAND RE-TOUR” PROJECT

Another case in point is the “*Grand Re-Tour*” project, subtitled “*a journey through Italy to the bel paese of the third millennium*”. This extensive calendar of symposiums takes the form of a modern version of the Grand Tour, the legendary *voyage en Italie* that, from the sixteenth to twentieth centuries, served as an indispensable educational rite of passage for generations of European intellectuals.

The “Re-Tour,” which was inaugurated back in 2006, is broken down into a series of stops from south to north, journeying through the great artistic and cultural capitals of each territory. Each city on the Grand Re-Tour route has hosted a roundtable discussion on cultural topics, as well as a socio-economic conference, in conjunction with an extensive wave of interviews conducted across the territory by

the AASTER Consortium. The events bring together economists, business leaders and other national and local figures from the worlds of production, finance and credit.

The objective of the project is to provide answers to questions on the role of our national culture, identity and economy in the new global arena, and it serves as an opportunity to assemble a portrait of Italy in transformation - beginning with the ever-evolving interplay between global and local dynamics and moving on to the emerging challenges of cultural and social change and of transnational economic competitiveness.

In 2007, the Re-Tour events were held first in Bologna, with a conference entitled “*Between Via Aemilia and the Adriatic City*”; then in Turin, with “*From a one-company town to a regional capital*”; and concluded

in Milan, with a discussion on “*A Hanseatic city: the five circles of production and the social stratification of Milan*”.

“THE DAYS OF ROME”

Another local initiative underwritten by UniCredit Group in 2007 was the “*History Lessons*” cultural program on the topic “*The Days of Rome*,” which enjoyed success on a national scale. The event, which was promoted and organized by Laterza in collaboration with the Music Foundation for Rome, the Parco della Musica Auditorium and the City of Rome, generated a wide public response. The presentation included nine prominent historians discussing nine days that shaped Italy and the world, based on seminal events that transpired in the Eternal City. Among the strikingly contemporary lessons drawn from the discussion was the implication that globalization may be a more ancient phenomenon than it may seem.

Communicating with our stakeholders

The Territorial Committees also owe much of their impact to their ability to rally public opinion and corporations around their initiatives. For this reason, in 2007 the groundwork was laid to develop a structured and coordinated communications framework, implementing dedicated new IT tools and enabling the committees to forge ongoing relationships with local media outlets.

MENTELOCALE

Thus 2007 witnessed the launch, at the “*Samples of Italian quality*” exhibition, of the newsletter *Mentelocale*, a monthly publication providing information on the committees’ activities and projects and on all initiatives affirming UniCredit Group’s ties with the territory.

ITACA

Itaca, the Territorial Reports Magazine, enjoyed further considerable success in 2007. This periodical has been developed into a proven link between the territories and UniCredit Group. A valuable resource, it comes out every four months with the goal of presenting historical information, analysis and data in the context of inter-organizational exchange and outreach.

Itaca’s central objectives include examining current issues of strategic importance to local economies, supporting socio-economic analysis with illustrative success stories, providing UniCredit Group with the tools to develop its own “culture of social accountability” and offering a basis for constructive dialogue with territorial organizations and local institutions. In order to make the magazine available to the whole community, an electronic edition is in development to be published on the website.

Consolidating our reputation at the local level

Our experience with the Territorial Committees has enabled UniCredit Group to build and consolidate its already strong reputation at the local level, with measurable positive impacts in terms of business opportunities and institutional relations. These constructive synergies will receive further attention and development in the years to come, as we identify and develop dynamic new strategies of territorial cooperation. We continue to redraw the development model by opening dialogues with key local institutions. Proper cultivation of these relationships will continue to contribute to the public perception of UniCredit Group as an organization of international scope with strong roots in the local community.

Strengthening our network

Following UniCredit Group’s mergers, first with HVB and then this past year with Capitalia, we are developing plans to expand the territorial community program to additional local and international regions. Even as UniCredit Group’s scope of operations becomes increasingly global, it is critical for our community outreach capabilities to maintain a consistently local focus.

Thus we need to continue to strengthen and expand the network of Territorial Committees, as we reflect on the lessons learned to date from the local relationships we have already established in Italy. At the national level, UniCredit Group’s plans to strengthen the current Territorial Committee program include the following initiatives:

- the launch of the third biennial Territorial Committee mandate and the reassessment of the underlying reference territories;
- the previously planned establishment of new committees covering new territories;
- the development of innovative new joint projects that have a high added-value component - particularly projects common to multiple committees, designed to mobilize the skills and expertise of our local banks.

Art and culture

The banks that combined to establish UniCredit Group have a centuries-old tradition of caring deeply about the cultural and artistic expressions of the countries in which they operate.

At UniCredit Group our commitment to art is integral to our corporate culture. It reflects on our approach to customers, employees and the public. It informs our sense of responsibility to society.

Our goal is to contribute to the creation of a dynamic and progressive Europe through the projects we have designed in close cooperation with our partners in the world of art and culture and from the many communities we call home. It is based on a

belief that when communities have a vibrant culture, they will also have sustainable social and economic development.

This section details our actions related to the UniCredit Group Art Collection, the UniCredit & Art project, music and literature initiatives, study grants, academia, awards and competitions and institutional events.

The UniCredit Group Art Collection

UniCredit Group's commitment to the arts is expressed in its vast historical art collection of 50,000 pieces that include work from

Italy, Austria, Germany and every other country in which we have a presence. As a whole, the collection encompasses the entire history of art from Mesopotamia, through such old masters as Canaletto and Carracci, and up to masters of contemporary art, including Léger, Klein, Beuys, Cragg, Christo, Richter and Baselitz. There are also more than 4,000 historical and contemporary photographs in the collection. We view our collection as a reflection of Europe's history, heritage and identity.

Our commitment to art extends beyond the simple maintenance of our historical collection and can be seen in our dynamic and evolving collection of works by young artists from the countries in which UniCredit Group operates.



A PUBLIC RESOURCE

The UniCredit Group Art Collection is a resource for museums and public outlets throughout the world. In 2007 hundreds of artworks were loaned to public exhibitions, and works from the collection were on public display throughout UniCredit Group's headquarters, offices and branches as part of our program, "Sharing Passion".

Works from our collection travel extensively. HypoVereinsbank mounted the *Cityscapes* exhibition at the Spazio Milano in UniCredit Group's Piazza Cordusio retail branch, while a collection of Italian photographs was displayed by the Cultural Institute of Munich, the large French Artfair, Paris Photo and our branches in London, Brussels and Paris. Our Munich head office hosted exhibitions by Gerhard Richter with works from the HVB collection as well as an exhibition *Reale sensationen - junge kunst aus Bulgarien und Rumänien*. Bank Austria has displayed its newest acquisition in the exhibition, "Wann immer vorerst," by Michael Kienzer.

In 2007 we held a total of 36 exhibitions. Highlights of our program can be found by visiting our virtual exhibition online at www.unicreditgroup.eu and clicking "More" under the UniCredit & Art banner.

Beyond collecting

Our collections are continually updated through an acquisition program led by a commission of top experts in the fields of art and culture. This program is part of our strategic project, UniCredit & Art, under which we support young talent and encourage creativity in the European visual arts. We are always on the lookout for innovative and fresh perspectives. Our whole operation is geared to support the contemporary art system, where interactions

among universities, academies, artists, museums, institutions, collectors, auction houses, galleries, critics and the art press serve to spotlight new talent.

A NEW APPROACH

This new approach to the contemporary art world premiered as a formal strategic project in Austria and Italy in 2004. Developed in close cooperation with the Ministry of National Heritage and Culture, the project aims to promote young artists from Italy, Germany, Austria and new European Union member countries including Poland and the Czech Republic, as well as Turkey. Its results are impressive, resulting in more than 700 works from 95 Italian artists alone since its inception.

UniCredit & Art yielded important work in 2007, and the success of the program has enabled the young artists involved to launch their careers at major artistic events. Of particular note was Vezzoli's work, *Democracy*, which was highly praised at the Venice Biennale, presented at the Pinakothek der Moderne in Munich, and now is on loan to the MAXXI, the National Museum for 21st Century Art in Rome.

STANDING OUT AMONG OUR PEERS

UniCredit Group's long term collaborative approach with local partners and platforms stands out among our peers for its ability to generate real value for communities. Pier Luigi Sacco, Professor of Cultural Economics and Head of the Department of Arts and Design, IUAV University of Venice, examined UniCredit & Art and commended the project for its sustainable community-oriented approach that embraces experimentation and risk taking. He also made note of the project's commissioning promising but little-known outsiders as well as established artists, its emphasis on innovative art-based learning techniques for UniCredit Group stakeholders and

outside audiences, its enrichment of the contemporary art scene and the way the project has inspired other corporate leaders to chart out serious long-term commitments to art and culture.

Six of our partnerships are detailed below to provide further information on how the UniCredit & Art project is being implemented in our communities.

CASTELLO DI RIVOLI, MUSEUM OF CONTEMPORARY ART, TURIN

UniCredit Group is a member, together with the local authorities, of the Board of Directors of this leading Italian contemporary art museum. Its location in the gorgeous Residenza Sabauda makes it unique. The museum's Educational Department and UniCredit Group have teamed up to enable thousands of socially disadvantaged families, employees and others to experience the vitality of art.

FONDAZIONE ARNALDO POMODORO, MILAN

This newly converted former industrial building, designed by the architect Paolo Cerri, opened in September 2005. Supported from its inception by its main partner, UniCredit Group, the foundation and the artist aim to involve young artistic talents and stage exhibitions focused on sculpture in order to better explore the vast variety of 20th-century artistic modes of expression.

MAMBO, BOLOGNA

Founded in May of 2007, MAMbo has worked with the UniCredit Group to design a three year program of commissions which focus on Italian artists producing collaborative international projects. Commissions included works by Luca Pancrazzi, Loris Cecchini and Alessandra Tesi, which were presented at the Shanghai, Valencia and Moscow Biennales. These

Art and culture (CONTINUED)

works are now on loan to the museum's permanent collection.

KUNSTHALLE DER HYPO-KULTURSTIFTUNG, MUNICH

HVB founded and supports this exhibition space in Munich. It has hosted more than 70 exhibitions and receives over 350,000 visitors per year. In 2006, the institution received its six millionth visitor. Exhibitions in 2007 included works of August Rodin and Serge Poliakoff among others.

BA-CA KUNSTFORUM, VIENNA

Austria's leading exhibition space for classical, modern and contemporary art is visited by 300,000 visitors per year and is supported by Bank Austria. The "trésor" exhibition spaces made possible by Bank Austria, in cooperation with KulturKontakt Austria, offers young artists from Central and Eastern Europe a forum for their work.

YAPI KREDI CULTURAL CENTER, ISTANBUL

UniCredit Group will support the 60th anniversary celebration of the Yapı Kredi Cultural Center, an important institution that is a symbol of pride for all of Turkey.

The art experience

The art experience fosters the potential of individuals, strengthens relationships and encourages dialogue.

In the 2007 UniCredit Group Consolidated Annual Report, we decided to focus on images of the international events which comprised our work with important partners in art and culture rather than on individual pieces from our collection.

These initiatives involving the broader public illustrate the importance UniCredit Group attaches to promoting an active

dialogue with the communities in which our group operates. The large gatherings pictured in our annual report were held in city squares and museums and involved thousands of people. What you see is a single, spontaneously-generated expression of thousands of hands united together in a joyful and creative concert.

Art is also a way to enhance group dynamics, as it can open minds, connect people and inspire them to share their values and embrace their differences.

Art initiatives in 2007 included UniCredit Art Day, Art-Based Learning, Art in the Square and Acrobazie 3, among many others.

UNICREDIT ART DAY

Held in Bologna in October of 2007, this event involved more than 3,500 colleagues and their families and was a one-day program involving the special opening of more than 27 museums in Italy, Germany, Austria, Turkey and Croatia.

"ART-BASED LEARNING"

This special art education program enables UniCredit Group managers to meet with artists, collectors and museum directors to stimulate creative and entrepreneurial approaches to work and life.

"ART IN THE SQUARE"

UniCredit Group holds big, public and free creative events for children, families and elderly people in the main squares of cities and towns in cooperation with our partner museums.

ACROBAZIE

This project at the Psychiatric Hospital in San Colombano al Lambro, Milan, enables young artists whose works are part of the UniCredit collection interact with mentally challenged patients to demonstrate the therapeutic benefits of art.

Advancing music, literature and the study of the arts

Music forms one of the cornerstones of our cultural engagement. As with art, we have a strong focus on young talent that is demonstrated by our support for orchestras, international events and young musicians, artists and writers, as well as the study of music.

SUPPORTING ORCHESTRAS AND INTERNATIONAL EVENTS

HVB supports the HVB Europakonzert in collaboration with the European Youth Orchestra, and the Bank Austria Creditanstalt Artist of the Year in collaboration with Jeunesse. We are involved in other prestigious international events such as the Bayreuth, Munich and Salzburg festivals. HVB promotes regional events including the Festspiele in Rheingau, Passau and Würzburg and the Richard Strauss Festival. We collaborate with the Filarmonica della Scala, the Arena di Verona, the Orchestra Filarmonica del '900 in Turin and the Vienna Philharmonic Orchestra.

ENGAGING YOUNGER GENERATIONS

Concerts and operas touch music-lovers, but they also bring the younger generations closer to an art form at risk of exclusion and neglect within the young cultural mainstream. In collaboration with the Vienna Philharmonic, Bank Austria Creditanstalt set up a course for young and highly talented violinists in Trenta, Slovenia.

PROMOTING YOUNG ARTISTS AND MUSICIANS

We organize several important programs directed at promoting young artists and musicians, including the Jugend Kulturrell

Research and institutional relations

Competition for young classical music composers in Germany, the BA-CA Artists of the Year award for young musicians or musical ensembles and the Georg Eisler Prize for young Austrian artists.

SUPPORTING YOUNG WRITERS

The Eastern European Literature Award, which was created in 2005 as the first award of this kind, comprises all CEE countries that are part of UniCredit Group. It is one of the widest cross-border projects for young writers, launched in cooperation with KulturKontakt Austria and Wieser Publishing Company.

INVESTIGATING THE ECONOMICS OF CONTEMPORARY ART

UniCredit Group provides significant grants to support the Giovanni Agnelli Research Scholarship for the study of the economics of contemporary art at the Fondazione Agnelli in Turin.

UniCredit Group knows that innovative ideas must be firmly rooted in solid research and vetted by appropriate external experts and institutions. This is why we strongly support research initiatives and institutional events.

This section details our research activities on key community-oriented topics and our institutional relations initiatives.

Addressing key topics for our communities

The Research and Competitors Benchmarking Department of our Retail Division worked on three socio-economic projects on poverty, agriculture and commerce in 2007 while UBI and Bocconi University together are currently researching regional and local economic dynamics.

SHEDDING LIGHT ON POVERTY

Although no evidence of increased poverty has been cited by the Italian National Institute of Statistics (ISTAT) or the Bank of Italy, Italian households evidence a growing sense of impoverishment. Our analysis has shed light on this through our focus on those segments of society often termed "vulnerable categories" (e.g., immigrants, the elderly and young, employees) and the dynamics of real wages.

RAISING AWARENESS OF AGRICULTURAL ISSUES

We conducted research on the present and future status of Italian agriculture. The extensive reforms being made in European Common Agricultural Policy (CAP) and the importance of environmental sustainability were a particular focus of our work. We found that the main result of these two processes was the recognition of the important role that manual farming systems and farmers play in preserving the

environment and producing high-quality dairy products. CAP reform yields a reduction in subsidies and provides strong incentives for farmers to operate according to market rules.

Our response was to make our research available to branch employees through a specially designed thematic portal to sensitize and strengthen our employees' awareness of the agricultural sector. This portal contains a variety of materials that range from general-perspective documents to specific sub-sector analyses.

SUPPORTING SMALL ENTREPRENEURS

We conducted a study on the state of small retailers in Italy for our 2007 Report on SME's. Our research showed that the small retail sector has experienced a very high turnover in the past ten years as large retailers, e-commerce and regulatory reforms have radically changed the economic environment in Italy. Our research led us to recommend among other actions that small entrepreneurs specialize, innovate and create networks in order to stay competitive.

The report, titled "Business in Italy, between tradition and innovation. Paths and perspectives of small entrepreneurs" was presented during the event "*Rapporto piccole imprese*, 4th edition," held in December 2007 in Rome.

HIGHLIGHTING GLOBALIZATION'S LOCAL CONSEQUENCES

UniCredit Group and Bologna University are working together on the RegiosS project, which seeks to analyze Italian regional and local economic dynamics in order to highlight the similarities and differences between communities.

The project highlights the local impact of corporate globalization and provides stable short-term analysis for quick reference

Research and institutional relations (CONTINUED)

relevant to forecasting economic cycles and trends. Project findings are regularly published in *"Il Sole 24 Ore"*.

Research by communities for communities

In 2007, the Vicenza Territorial Committee conducted two studies on highway shoulders and caregivers, which were relevant to the community. The primary role of the committee in these types of initiatives is bringing together the interests of the public and private sectors, institutions and social and economic researchers in order to develop pragmatic solutions for community issues.

RESHAPING OUR ENVIRONMENT

The Vicenza Territorial Committee researched and drafted a document

that explored the potential of highway shoulders to be used as sites for environmental recovery, green energy generation and landscape redesign. The research project was carried out with the objective of raising public and institutional awareness of the deterioration of some parts of Vicenza that overlook highways. To date, the research has been circulated throughout Vicenza and its environs and to neighboring municipalities located along the stretch of the highway between Brescia and Padova.

RAISING AWARENESS OF HIDDEN PROBLEMS

The Vicenza Territorial Committee also researched caregivers in order to raise awareness of the socioeconomic challenges related to the widespread use of caregivers. To date the study has been circulated within the Vicenza area.

Institutional relations

The UniCredit Group is on the front line of institutional relations, and one of its priorities is to uphold and defend the financial system from potential risks from inaccurate information. The UniCredit Group's leadership position on many issues within the European financial sector generates value for both its customers and its stakeholders. This is why UniCredit Group maintains regular contact with the many relevant European and national institutions that address the challenges facing the European financial sector.

In order to strengthen relations with institutions at both the national and European levels, UniCredit Group promotes research, conferences and seminars identifying innovative ideas to foster a



Contributions

full European integration process. Some of the activities we promote include the organization of a variety of forums, roundtables and conferences, including:

The Venice Forum is an international Conference organized each year in Venice with the aim of bringing together qualified representatives from the worlds of politics, economics and academia. UniCredit Group provided €810,000 in support of this event.

The Italian-Turkish Forum is regularly held in cooperation with the Ministries for Foreign Affairs of both countries.

Two closed-door roundtables including legislators and civil society actors focused on actions to enhance private equity funds' participation in the Small and Medium Enterprises sector.

A forum on German-Turkish economic relations was held in Munich, in support of German endorsement of Turkish accession to the European Union.

The publishing of bimonthly magazine east is intended to focus on economic, political and cultural themes in the EU and its relationships with Asia. UniCredit Group provided €510,000 in support of this magazine.

Support for the Italian government is provided through analyses and studies of the implementation of effective youth policies to finance academic studies and of the innovative use of solidarity funds in support of families with real estate loans.

Research on Italy's role in Mediterranean countries is supported by UniCredit Group through the provision of €36,000 to analyze the prospects for enhancing economic relations between Italy and other Mediterranean rim countries.

UniCredit Group and all its subsidiary banks have a longstanding tradition of leading the way in contributing to society in the countries and regions in which we operate. Within UniCredit Group, social responsibility is an integral part of our day-to-day activities.

UniCredit Group's Gift Matching Program is just one way that we demonstrate our commitment to our values and to leveraging the goodwill of our employees. This example of our dedication to social responsibility is in effect group-wide in all of the countries in which we operate.

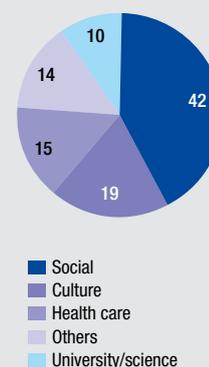
One of the fundamental aims of UniCredit Group is to play an active and meaningful role in society and ultimately to make an important contribution to a healthy and sound social structure - a structure that is held together by people and a sound environment. In this pursuit, the charitable projects backed by UniCredit Group provide support for children and young people, help for socially disadvantaged people, activities to preserve a sound environment and rapid response to disasters.

Our actions in this area include supporting charities and research in Italy, promoting sustainability initiatives in Germany, campaigning against poverty in Austria, employee volunteering in Poland, charity drives in Croatia, emergency aid in Romania and help for children with special needs and local contributions in Slovenia.

Supporting charities and research in Italy

UniCredit Group makes many and varied contributions in Italy. Some of our more notable contributions in 2007 include those made to AIRC and CERBA in the field of research and science, to Circolo Ippico di

UniCredit Group main donations by category (%)



Verona to facilitate their work with disabled people, to Lega del Filo d'oro to assist them in their work with deaf-blind children and to numerous universities across Italy in support of research projects.

Promoting sustainability initiatives in Germany

HVB has been involved in sustainability initiatives at the regional, national and international levels for years. For example, HVB became involved in the UN Decade of Education for Sustainable Development by being a founding member of BenE Munich, one of 50 regional centers of expertise for sustainable development affiliated with the United Nations University.

HVB is also a member of the *Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen*, an association for environmental management in the finance and insurance sectors; the *Forum Nachhaltige Geldanlagen*, the Panel for Sustainable Investment; and the *Arbeitskreis*

Contributions (CONTINUED)

für Umweltbewusstes Management, a working group for ecologically-minded management.

At the international level, HVB participates in the Finance Initiative of the United Nations Environment Program and is a co-founder of the UNEP-FI Regional Task Force in Central and Eastern Europe.

Campaigning against poverty in Austria

Two of the many Austrian projects that we are involved in are the campaign by *Volkshilfe Österreich* (People's Aid Austria), "Armut tut weh" ("Poverty Hurts") and the Bank Austria Family Fund.

Through the *Volkshilfe Österreich's* "Armut tut weh" campaign, we help children with chronic illnesses, accident victims, children with disabilities and, above all, disadvantaged children who live below the poverty line even in a rich country like Austria. This initiative, whose patron is the wife of the Federal President of Austria, endeavors to provide rapid financial help in acute emergencies.

The Bank Austria Family Fund seeks to quickly and effectively help Austrian families with children in crisis situations. The fund was established in 1994 and is administered by the Archdiocese of Vienna's Caritas organization.

Employee volunteerism in Poland

Our public involvement stems from the awareness that, as one of Poland's largest financial institutions, we have an important

social role to fulfill. Our relationship with the Great Orchestra of Christmas Charity, Poland's largest charitable initiative, is emblematic of our methods of contributing to society. The fundamental principle that underpins this involvement is the combination of financial support with the active participation of our Bank Pekao employees.

In each event, several dozen employees from Bank Pekao assume the task of counting and sorting cash and other donations in the television studio where the orchestra's headquarters is based during the Grand Finale, as well as in regional studios. Every year, they are assisted by hundreds of their colleagues working behind the scenes.

Almost 10,000 of our Bank Pekao employees have volunteered for the Great Orchestra of Christmas Charity since 2000. Under the Gift Matching Program, Unidea matches every euro donated to the Orchestra by the bank's employees.

Donation drives in Croatia

With the goal of responding as relevantly as possible to the needs of society, Zagrebačka banka announced the first public Donation Drive in 1999. The idea of implementing a systematic contribution program was subsequently replicated by other Croatian companies as well. Since 2003, the event has included works in the following four areas: humanitarian activity, children and young people, cultural heritage and the arts.

Although the model of public and transparent allocation of donations has encouraged other companies to follow suit, Zagrebačka banka enjoys the longest-standing tradition of implementing systematic contribution programs. The allocation of contributions on the basis of

this initiative transcends the boundaries of pure corporate philanthropy. Zagrebačka is contributing to the creation of new social networks and the expansion of a culture of civil engagement in working to solve entrenched social problems.

Emergency aid in Romania

Following the catastrophic floods in Romania in 2005 and 2006, UniCredit Ţiriac Bank helped with the rapid reconstruction of 100 houses and donated €30,000 for emergency aid to 3,500 children who needed hygiene products and books to start school. This became a model of how rapid disaster relief can also be combined with a focus on children.

Help for children with special needs and local contributions in Slovenia

UniCredit Bank Slovenia is supporting projects that bring together healthy children and children with special needs to encourage the development of social responsibility at an early age. Instead of buying New Year's gifts, UniCredit Bank Slovenia donates funds for partially sighted children, providing them with notebook computers with adapted programs. Furthermore, whenever we open a new branch in Slovenia, we contribute to a local humanitarian organization.

Universities and scholarships

At UniCredit Group, we firmly believe in supporting academic endeavors to enrich public discourse and invest in our future.

Our activities in this area include international scholarships, research fellowship competitions for economic and financial disciplines and funding for universities.

International scholarships

Two financial aid fellowships were awarded in 2007 following the fifth annual scholarship competition held in memory of Giovanna Crivelli. One of the two scholarships was awarded to a woman.

The Giovanna Crivelli scholarships are awarded in support of advanced training for researchers specializing in theoretical and empirical studies in political economics and the economics of financial markets.

The fellowships require enrollment and attendance at a foreign university. The candidate's chosen program must be in line with his or her previous studies. Fellowships are applied to the standard academic year of nine months and are renewable.

In 2007 we launched the sixth competition. The application deadline was 31 October 2007, and two €25,000 scholarships, including travel expenses, health insurance plus university fees, were granted in January 2008. The table below provides applicant data from the six annual competitions held to date:

Giovanna Crivelli scholarships			
CONTEST YEAR	NUMBER OF APPLICANTS	NUMBER OF FEMALE APPLICANTS	ACADEMIC YEAR
2003	89	45	2003/2004
2004	103	57	2004/2005
2005	73	40	2005/2006
2006	51	25	2006/2007
2007	36	14	2007/2008
2008	57	25	2008/2009

All applications and any accompanying documentation, including graduation theses and transcripts, are evaluated by a committee of seven university lecturers.

A new fellowship in corporate social responsibility

In 2005, a new fellowship initiative was added to the list of scholarships administered by UniCredit Group. This fellowship competition was designed to promote studies in the field of corporate social responsibility, with the express objective of stimulating the ongoing "brain return" to Italy; thus the contest was designed to provide grants to returning scholars.

In the competition's first year, an Italian researcher who returned from Spain to continue her studies at Rome's Tor Vergata University was the winner of a grant awarded by UniCredit Group for €50,000 per academic year.

University funding

UniCredit Group supports education and research at a variety of institutions. For example, in 2007 we sponsored research centers and funded scholarships at 24 different universities in Austria. Our single largest collaboration has been with the Vienna University of Economics and

Business Administration, where we have committed €134,000 per year for three years to the sponsorship of the UniCredit CEE Student Circle. Another €97,000 has been earmarked for the study of advanced financial mathematics and structured finance in 2008.

Major contributions have been made to Vienna University, the Medical University of Graz, Graz University, the University of Salzburg, Leopold Franzens University of Innsbruck, the University of Applied Sciences for Banking and Finance, the Vienna University of Technology and the Johannes Kepler University of Linz, where we have sponsored the founding of a new Research Institute for Banking and Finance.

Other major contributions have been made to the University of Trier, the University of Cologne, University Hospital Munich-Grosshadern and the Ludwig Maximilian University of Munich.

Of note is the strong bond we have forged with the Technical University of Munich. At its highly regarded School of Business Administration we have funded a long-term sponsorship of the HVB-Institute for Mathematical Finance. Over the course of ten years, ending in 2012, we will have contributed more than €5 million toward the Institute's operating budget.

UniCredit Group would like to see CSR made into a required field of study for all university students who plan to pursue a career in business. That is why we created the "UniCredit Chair on Economic Ethics and Corporate Social Responsibility" at the University of Trento in 2003. The degree program is supplemented by two research centers - the "Observatory for ethics, rational decisions and corporate social responsibility" and the "Observatory for corporate social responsibility".

The Unidea Foundation

Unidea is a non-profit foundation created in March 2003 to help bring to life the values and ideals of UniCredit Group.

Unidea is funded solely by UniCredit Group and is a separate legal entity, with its own Board of Directors composed of

distinguished citizens drawn from civil society.

Board of Directors

Chairperson	Paola Pierri	
Deputy Chairmen	Marc Beckers Salvatore Piazzola	UniCredit Group - Head of Group Identity and Communications UniCredit Group - Head of Human Resources Department
Directors	Roberto Bertazzoni Giuseppe De Rita Marco Gaudiomonti Severino Salvemini Chiara Saraceno Jean-Léonard Touadi Don Gianni Zappa	Smeg Spa - Chairman Censis Foundation - Secretary General Uilca - National Secretary Bocconi University, School of Management, Milan - Chairman University of Turin, Faculty of Political Science - Professor of Family Sociology Municipality of Rome - Youth Policies, University and Security Councilor Diocesan Administration, Milan - Moderator Curiae
Secretary General	Paolo Cocchi	

Unidea is an acting foundation, which, on the basis of its own strategy, is directly involved in the implementation of its projects. Through its activities it endeavors to promote a culture of volunteerism, civic commitment and giving, which must measure up to an increasingly professional, conscientious and motivated standard.

Unidea also serves as a bridge between our colleagues - who are willing to direct their energy and skills towards serious and structured volunteer work - and the needs of the target communities.

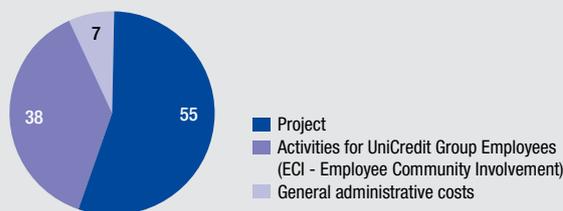
Unidea focuses on themes of social economy, with an emphasis on the meaning of business philanthropy and, more generally, on the relationship between for-profit and non-profit organizations. This same dialogue entails directing attention to social enterprises, including through the world of social cooperatives.

In 2007 Unidea continued or started projects in Sub-Saharan Africa (Benin and Burkina Faso), in the countries of Central and Eastern Europe, and in Austria, Germany and Italy. As regards UniCredit

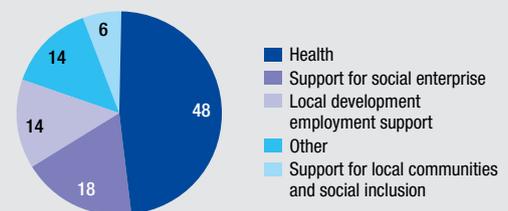
Group employees, the foundation renewed or initiated several employee-community involvement programs.

Allocation of funds for financial year 2007

Total allocation of funds (%)



Project: allocation of funds by sector (%)



In 2007, Unidea received €10 million from UniCredit Group in support of its institutional activities.

Projects in Africa

Unidea's decision to work in Sub-Saharan Africa by planning and implementing social and healthcare projects testifies to a firm intention to tackle these issues in regions where they are at their most complex.

Unidea's projects promote a multi-sectoral approach - combining actions designed to

extend the availability of essential health services with actions intended to improve social and economic conditions of the local population.

The foundation's current initiatives are focused on the rural areas of Benin and Burkina Faso.

THE "TATA SOMBA" PROJECT

- Country: Benin
- Region: Upper Benin, Department of Atakora, District of Tanguéta
- Period: 1 January 2005 - 31 December 2010

The general aim of the project is to contribute to the improvement of the basic health of the inhabitants of the Department of Atakora, in northwestern Benin, in particular for women of child-bearing age and children under five years old. The project is being carried out in collaboration with health service managers in Benin's public administration. It is intended to improve access to primary health services, particularly in rural areas, through direct support for the existing healthcare infrastructure, and always in coordination with the local personnel.

Some of the initiatives completed, 2005-2007

BUILDINGS	EQUIPMENT	TRAINING		
		COURSES	NUM.	PARTICIPANTS
Cobly Health Centre	Teaching equipment for the Health District	Reproductive Health	7	210
Hospital medicine store	Medical and health equipment for health centers	Management of Health Facilities	13	441
Training room and storerooms for the Health District	Radio system for the hospital ambulance	Study bursaries	20	-
N'Dahonta Health Centre	Motorcycles	Primary Health Care	4	575
Four houses for hospital trainees	Teaching equipment for the Health District	Departmental training: SIMR	5	157
Porga Nutrition Centre	Ambulances			
Mamoussa Maternity Unit	Endemic prevention tools: mosquito nets			
Wells				

The Unidea Foundation (CONTINUED)

The project provides for:

- the restoration of several health centers and improvement of basic equipment;
- infrastructure improvements to Saint Jean de Dieu Hospital in Tanguiéta and the construction of housing for motivated and qualified medical personnel;
- training of healthcare workers;
- improvement of coordination between the hospital and rural clinics;
- community-based activity: campaigns to raise awareness, to train community-based health officers and to train health center management committees;
- reinforcement of management skills at health service facilities;

- institutional consolidation of the local AMCES association (a non-profit working to strengthen the “private-social” sector within the national health service).

THE “AN KA HERE SSO” PROJECT

- Country: Burkina Faso
- Region: Hauts Bassins and Cascades
- Period: 01 January 2004 - 31 December 2010

“Paths to Health” (*An Ka Here Sso*) is an integrated health cooperation project the goal of which is to help improve access to primary healthcare services for the inhabitants of the Hauts Bassins

and Cascades regions, in southwestern Burkina Faso, through infrastructure improvement, expansion of basic services, greater accessibility to health centers and reinforcement of community participation.

The project is carried out in partnership with the NGO ProgettoMondo of Verona and consists of activities that can be divided into two key functions:

1. activities on the supply side, designed to improve the performance of local public healthcare services:
 - medical training and requalification of health center personnel, with particular attention to on-the-job training designed



to improve the skills of primary healthcare personnel;

- supplies of medical and generic materials and structural renovations for 16 health centers;
- medical studies and research and their associated applications;
- introduction of the Community Epidemiology Studies Program at the National Nursing School.

2. activities on the demand side, aimed at guaranteeing greater access to healthcare services and community participation in the management of health issues:

- fostering greater economic accessibility to health services, through the promotion of income-generating activities and through microcredits;
- health education campaigns;
- community epidemiology studies.

Projects in Central and Eastern Europe

Unidea's approach in this region, which has been refined over the years, focuses on supporting youth employment through the creation of professional placement services for entry-level employment, business development services for entrepreneurial initiatives, and microcredit programs, giving priority to rural areas characterized by under-employment and emigration. In pursuing these aims, Unidea collaborates with specialized local non-profits.

YOUTH EMPLOYMENT PROJECTS

The unemployment rate of young adults in the CEE, at roughly 18%, is the highest in the world after Northern Africa and the Middle East. In CEE countries, young adults between the ages of 18 and 30 experience unemployment rates that are nearly double

SOME OF THE INITIATIVES COMPLETED, 2005-2007

Healthcare work

- 443 visits accompanying healthcare staff;
- 97 operators of 16 health centers have received on-the-job training;
- 1,062 people trained;
- 19 training courses (totaling 914 classroom hours);
- 14 health centers renovated and equipped with standard equipment, medical materials and means of transport;
- renovation of the office of the Regional Health Department of Banfora and provision of equipment;
- introduction of "single ticket" (fixed price) health treatment in two centers;
- "Paracheck®" epidemiological study for the introduction of a rapid test for the diagnosis of malaria;
- feasibility mission for the initiation of community epidemiology studies;
- feasibility study on the possibility of developing a system of insurance.

Literacy

- 1,776 participants in literacy courses;
- 1,218 participants in primary complementary training;
- 532 participants in technical training;
- 20 literacy centers activated through three local associations (Gradi Association, Union Dogori, Munyu Association);
- 20 community libraries created in the same number of villages;
- 9 publications/teaching aids.

Income-generating activities

- 87 loans disbursed;
- 92 applications transmitted to the microcredit lender to obtain loans;
- 177 requests for credit with applications being prepared;
- 169 requests for credit awaiting preparation of credit applications.

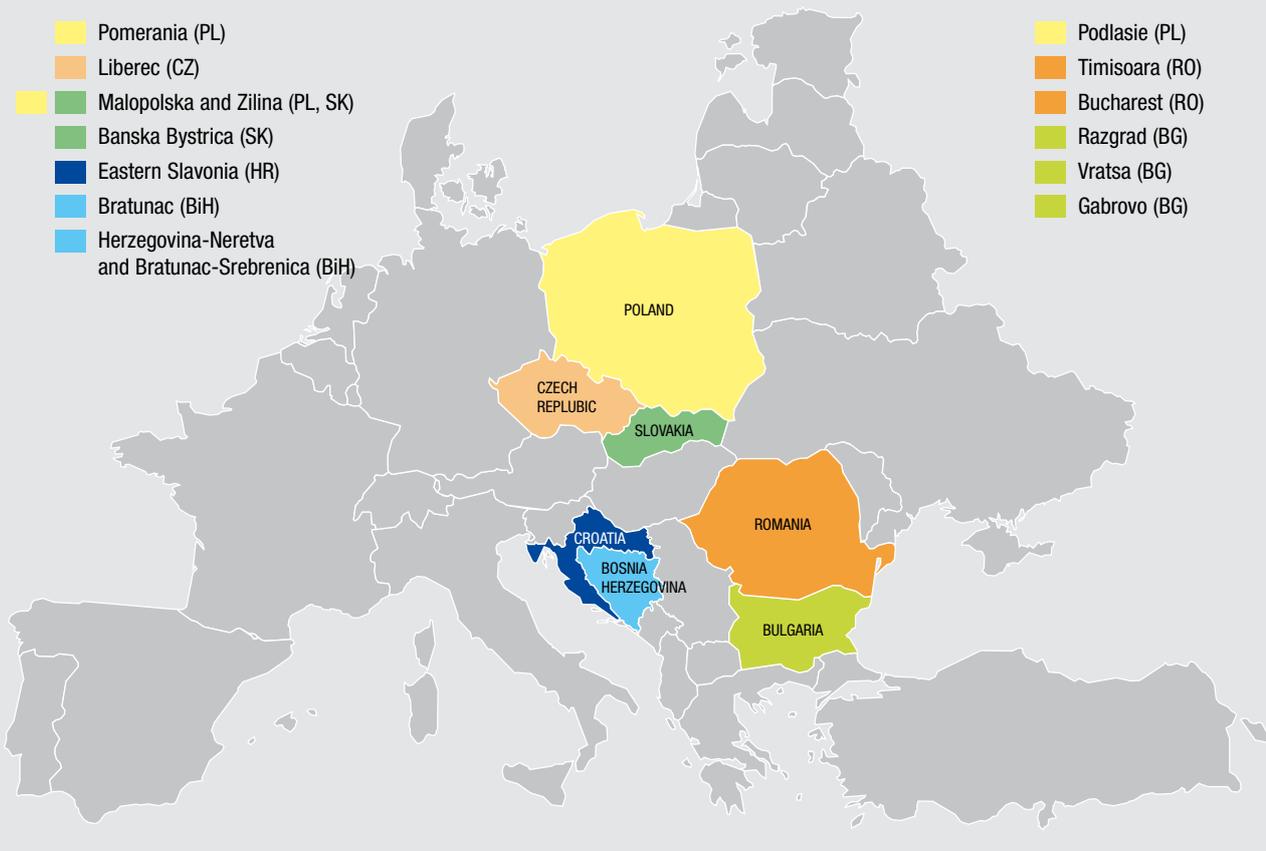
Geographical distribution of Unidea projects in Africa



The Unidea Foundation (CONTINUED)

Geographical distribution of Unidea's projects in the CEE

- | | |
|---|--|
|  Pomerania (PL) |  Podlasie (PL) |
|  Liberec (CZ) |  Timisoara (RO) |
|  Malopolska and Zilina (PL, SK) |  Bucharest (RO) |
|  Banska Bystrica (SK) |  Razgrad (BG) |
|  Eastern Slavonia (HR) |  Vratsa (BG) |
|  Bratunac (BiH) |  Gabrovo (BG) |
|  Herzegovina-Neretva and Bratunac-Srebrenica (BiH) | |



the national averages. Rural areas lack adequate employment support services and are negatively impacted by the emigration trends of the young in search of employment in larger metropolitan areas and abroad. Hence, Unidea partners with local non-profit associations to organize training courses, job placement services and job counseling.

Job placement services include:

- professional training;
- on-the-job training;
- intermediation between entrepreneurs and unemployed young people;
- job search support.

Business development services include:

- motivational training;
- business start-up training;
- microloans and microbusiness monitoring.

Microcredit initiatives, carried out in many of the projects implemented in this area, are managed by Unidea's local partners. Loans are provided to satisfy investment and/or working capital requirements. Microcredit initiatives have been undertaken in six countries: Bosnia and Herzegovina, Bulgaria, Croatia, Poland, Romania and Slovakia.

Youth employment projects in the CEE, from 2004 to 2007, have resulted in:

- 4,178 beneficiaries;
- 1,181 jobs created;
- 730 people hired;
- 451 new microbusinesses supported with training, advisory services and microcredit;
- €937,000 in microcredit loans.

PROJECT FOR SOCIAL AND ECONOMIC INTEGRATION OF MIGRANT WOMEN IN THE HEALTHCARE AND SOCIAL WELFARE SECTORS (POLAND)

This project addresses the complex theme of female migrant workers. In the last

decade, the number of women migrating has been rising steadily. These women are seeking employment opportunities, as men do, and, since they are not bound by family obligations, they are no longer passive participants in this dynamic. In certain cases, women have become the first wave of new emigration patterns, so that we can appropriately talk about a “female exodus.”

The project, which will last three years (2007-2010), has as its aim the integration into the economy and society of immigrant women from Poland and Ukraine, particularly in the healthcare and social welfare professions - fields with growing needs in many European countries in recent years. The relevant professions include nursing, social work and assistance to families (caregiving).

The project will leverage and strengthen the existing instruments of social cooperation - particularly by establishing structured partnerships with non-profit social cooperatives in Poland. This approach is intended to address the relevant challenges and to ensure respect for human and labor rights within a context of transnational European cooperation.

The project's first phase is directed at job placement for immigrant Polish and Ukrainian women in Italy in the sectors identified, with the following main objectives:

- to provide career and language training, with job placements for 120 nurses, 80 social work auxiliaries and 100 caregivers;
- to support the management of the flow of migrant workers and to support the process of developing temporary work opportunities;
- to provide tutoring and counseling to migrant workers during the job placement process;
- to facilitate the provision of services by these workers to healthcare facilities and families that need them;

- to extend to additional regions a service model that is effective in the training and placement of these workers.

The second component of the project involves support for cooperatives in Poland. The long-term aim of the project is to support the introduction into social cooperatives of nurses and caregivers who wish to return to their own countries. The action plan is designed to engage both “shores” of the migration process, building on an assumption that migratory flows are largely temporary. With this in mind, the project is designed to ensure that, upon the migrant's return to her own country, her experience and qualifications obtained abroad are fully appreciated and put to good use. For this to be achieved efficiently and effectively, the process requires the harmonization of standards sharing of experiences between the Polish social cooperatives and the Italian ones.

The project is being carried out in partnership with the Consorzio Nazionale della Cooperazione di Solidarietà Sociale Gino Mattarelli (CGM).

Initiatives for UniCredit Group employees

Unidea and UniCredit Group work together to lead a broad range of initiatives to support the engagement of UniCredit Group employees in community-oriented activities and projects.

The initiatives include:

- designing and implementing tailor-made projects for UniCredit Group legal entities (e.g., “LocatForBenin” for Locat SpA, “A Si Jiwe” for UniCredit Private Banking, and “Street Children – Keoogo Association” linked to the 2008 People Survey);

- counseling the banks of UniCredit Group on philanthropic initiatives that are sometimes related to banking activities;
- arranging visits of UniCredit Group employees to Unidea project sites;
- establishing employee volunteer pilot programs;
- providing training courses on issues related to the non-profit sector;
- running the Gift Matching Program.

THE GIFT MATCHING PROGRAM

Through the Gift Matching Program - now in its fifth edition and open since 2007 to all the countries of UniCredit Group - Unidea matches donations made to any eligible non-profit organization by UniCredit Group employees.

The 2007 Gift Matching Program's key figures are:

- more than 7,600 UniCredit Group employees from 17 countries have participated to date;
- more than €1,600,000 disbursed by Unidea to match eligible requests;
- matching funds contributed for 100% of all eligible requests;
- more than 250 different non-profit organizations supported through the program.



Investors and markets

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Shareholder communications

UniCredit Group is committed to providing investors and markets with straightforward information to enable them to accurately evaluate and assess our strategies and results.

We greatly value the markets' assessments of our progress and priorities as we work towards establishing a sustainable business capable of generating long-term value for all our stakeholders. We especially appreciate it when the market recognizes our sustainable business practices by including us on key sustainability indexes.

Accordingly, this chapter provides a brief overview of our activities in these areas and is broken down into the following sections:

1. **Shareholder communications**, providing a brief overview of the geographical distribution of ordinary shares and of the various channels we use to relay information to both investors and markets;
2. **Pending issues**, including a discussion of issues related to Bank Austria's minority shareholders and its finalization of the acquisition of a 91.8% stake in the share capital of JSC ATF Bank;
3. **Sustainability indexes**, detailing UniCredit Group's inclusion on a number of major international sustainability indexes and rankings.

At UniCredit Group, we report on the results of our group-wide and divisional strategies promptly and transparently to institutional investors, financial analysts, brokers and rating agencies.

This section provides data on UniCredit Group's geographical distribution of ordinary shares and a brief description of how we communicate with our investors and the markets.

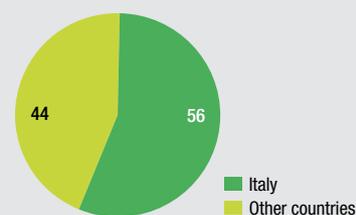
Communicating with investors and markets

In relaying information, our financial communications staff makes use of multiple channels, including institutional presentations, conference calls, sector conferences, road shows, one-on-one meetings and our institutional website.

ENHANCING INTERNET TOOLS

We consolidated our webcast system in 2007 to allow the financial community to follow our presentations live on our website, www.unicreditgroup.eu. This webcast system is one part of our broader effort to enhance our use of the internet to communicate financial information to the market. We have added user-friendly tools to our website to facilitate our stakeholders' ability to understand our financial statements and quarterly and half-year reports. These tools include interactive versions of documents and the "interactive analyzer," which is a tool for stakeholders who are unskilled at reading balance sheets. This tool facilitates the downloading of charts and data.

Geographical distribution of ordinary shares (%)



Number of shareholders ~370,000

We have launched a section of our website dedicated to our various share prices. We have made use of interactive tools that help users to create charts and graphs to compare the performance of our stock against our competitors.

In 2007, UniCredit Group held five institutional presentations including two financial meetings, one of which was Capital Markets Day—a one day meeting between top management and the financial community to present and discuss topics of interest. In 2007, Capital Markets Day was focused on the CEE.

Top management and UniCredit Group Investor Relations attended nine international conferences on the financial industry. UniCredit Group held 29 road shows (20 in Europe, seven in the United States and two elsewhere). Furthermore, UniCredit Group participated in approximately 400 one-on-one meetings and met with almost 500 companies.

Rating agencies

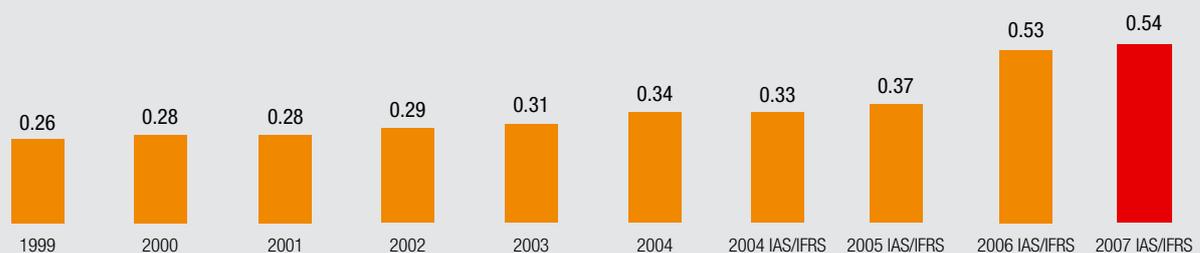
AGENCIES	SHORT-TERM INDEBTEDNESS	MEDIUM/ LONG-TERM INDEBTEDNESS	OUTLOOK	PUBLISHING DATE
Fitch Ratings	F1	A+	POSITIVE	23 November 2007
Moody's Investor Service	P-1	Aa2	STABLE	5 October 2007
Standard & Poor's	A-1	A+	STABLE	18 July 2007

Share Information									
	2007	2006	2005	2004	2003	2002	2001	2000	1999
Share price (€)									
- maximum	7.646	6.727	5.864	4.421	4.425	5.255	5.865	6.115	5.787
- minimum	5.131	5.564	4.082	3.805	3.144	3.173	3.202	3.586	3.845
- average	6.541	6.161	4.596	4.083	3.959	4.273	4.830	4.976	4.606
- end of period	5.659	6.654	5.819	4.225	4.303	3.808	4.494	5.572	4.924
Number of outstanding shares (millions)									
- at period end ¹	13,278.4	10,351.3	10,303.6	6,249.7	6,316.3	6,296.1	5,046.4	5,024.2	4,976.2
- shares with dividend	13,195.3	10,357.9	10,342.3	6,338.0	6,316.3	6,296.1	5,131.1	5,024.2	5,014.2
<i>of which: savings shares</i>	21.7	21.7	21.7	21.7	21.7	21.7	21.7	21.7	21.7
- average ¹	11,071.6	10,345.2	6,730.3	6,303.6	-	-	-	-	-
Dividend									
- total dividends (€ millions)	3,431	2,486	2,276	1,282	1,080	995	724	649	648
- dividend per ordinary share	0.260	0.240	0.220	0.205	0.171	0.158	0.141	0.129	0.129
- dividend per savings share	0.275	0.255	0.235	0.220	0.186	0.173	0.156	0.137	0.137

1. The number of shares is net of company-owned shares (19,4 million for 2004 average and 8,7 million from end 2004 onwards).

Earnings Ratios										
	IAS/IFRS				ITALIAN GAAP					
	2007	2006	2005	2004	2004	2003	2002	2001	2000	1999
Shareholders' equity (€ millions)	57,724	38,468	35,199	14,373	14,036	13,013	12,261	9,535	8,644	7,708
Group portion of net profit (€ millions)	5,961	5,448	2,470	2,069	2,131	1,961	1,801	1,454	1,395	1,287
Net worth per share (€)	4.35	3.72	3.42	2.30	2.21	2.06	1.95	1.89	1.72	1.55
Price/Book value	1.30	1.79	1.70	1.84	1.91	2.09	1.96	2.38	3.24	3.18
Earnings per share (€)	0.54	0.53	0.37	0.33	0.34	0.31	0.29	0.28	0.28	0.26
Payout ratio (%)	57.6	45.6	92.1	-	60.2	55.1	55.2	49.8	46.5	50.3
Dividend yield on average price per ordinary share (%)	3.97	3.90	4.79	-	5.02	4.32	3.70	2.92	2.59	2.80

Earnings per share (€)



Pending issues

This section details two pending issues related to the minority shareholders of Bank Austria and Bank Austria's finalization of the acquisition of a controlling stake in the share capital of JSC ATF Bank (ATF).

Squeeze-out of Bayerische Hypo- und Vereinsbank AG ("HVB") and Bank Austria Creditanstalt AG ("BA-CA")

At its meeting on 23 January 2007, the UniCredit S.p.A. Board of Directors, in its capacity as majority shareholder of Bayerische Hypo- und Vereinsbank AG ("HVB") and Bank Austria Creditanstalt AG ("BA-CA") voted to initiate the squeeze-out procedure at both banks.

On that date UniCredit held 95% of the share capital of HVB after acquiring 1.23% on the market, and 96.35% of the share capital of BA-CA. Thus, it was possible to initiate this procedure based on the provisions of German and Austrian law respectively.

With regard to the squeeze-out at HVB, at its meeting on 9 May 2007, the UniCredit Board of Directors set a cash price of €38.26 for each HVB share. Based on the fact that, after the transfer of UBM's investment banking business unit, HVB's minority shareholders held 36,534,957 shares in the company (equal to about 4.55% of total capital), the unit price set corresponds to a total equivalent of about €1,398 million. The squeeze-out price was determined on the basis of an appraisal performed by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, based on the German IDW

standards, "Standards for the Valuation of Companies" (IDW S 1). In addition, an opinion was issued on the appropriateness of the price by Warth & Klein, an independent auditing firm appointed by the competent court of Munich.

With regard to the squeeze-out at BA-CA, UniCredit's Board of Directors and BA-CA's Management Board met in March 2007 and set a cash price of €129.4 for each of the 7,374,016 bearer shares, equal to about 3.65% of total share capital. This amount corresponds to a total cash payment of about €954 million. The squeeze-out price was determined on the basis of an appraisal carried out by Deloitte Valuation Services GmbH in accordance with Austrian valuation standard KFS BW1. In addition, an opinion was issued on the appropriateness of the price by TPA Horwath Wirtschaftsprüfung GmbH, an independent auditing firm appointed by the competent court of Vienna. The squeeze-out transactions of HVB and BA-CA were approved by the respective shareholders' meetings on 26-27 June and 3 May 2007. These resolutions were the object of a voidance action brought forward by HVB's and BA-CA's minority shareholders.

JSC ATF Bank

On 13 November 2007, BA-CA finalized the acquisition of a 91.8% stake in the share capital of JSC ATF Bank ("ATF"). To be specific, BA-CA acquired 95.6% of ordinary stock and 85% of preferred stock. In addition, in accordance with Kazakh law applicable to joint stock companies, on 17 November 2007 BA-CA launched a mandatory public offering for remaining shares at a price of KZT 10,180.93 (equal to US\$84.37) for each ordinary share and KZT 5,675.11 (equal to US\$47.03) for each preferred share, which, in both cases, represents the price per share agreed to by

BA-CA with ATF's majority shareholders. The offer was to remain open for 30 days, but one of ATF's minority shareholders obtained an emergency order from the competent Kazakh court that blocked its completion. However, UniCredit Group believes that the action of the minority shareholder has no merit and has taken all possible steps with the competent authorities to reach a timely resolution to the dispute with the resulting completion of the offering period.

Still, it should be noted that at the time the mandatory public offering was blocked, BA-CA had legally purchased additional shares of ATF, increasing its stake to 92.9% of share capital. Total payment for the whole stake was about €1,592 million.

As announced on 21 June 2007, pursuant to the agreement signed by BA-CA and several private shareholders of ATF, the price paid will be increased through the pro-rata payment of 50% of ATF's 2007 net profit, adjusted for any accounting differences reported in the audited consolidated accounts for 2007 (compared to the accounts for 2006).

As of 31 December 2007, ATF was one of the largest Kazakh banks with customer deposits of €2.2 billion (+8% over 2006 in local currency), net loans to customers of €4.4 billion (+50% over 2006 in local currency) and a network of 140 branches.

Sustainability indexes

UniCredit Group has successfully built a strong reputation for sustainable business practices and is recognized worldwide as a sustainability-driven company. This is demonstrated by its inclusion in a number of major international sustainability indexes and rankings.

This chapter details our inclusion on the Dow Jones Sustainability Index, FTSE4Good Index Series, the Ethibel Sustainability Index's Excellence Global Register and the Climate Disclosure Leadership Index (CDLI), as well as in Oekom Research AG's annual review.

Dow Jones Sustainability Index

UniCredit Group has been selected as an index component of the Dow Jones Sustainability Index (DJSI). As holders of one of the 60 DJSI licenses issued to financial institutions in 14 countries, UniCredit Group is able to use the DJSI as either a benchmark or a base for financial products and funds. The companies that are part of this sustainability index represent the top 10% of corporate social responsibility performers in terms of economic, environmental and social issues out of 2,500 companies included in the Dow Jones World Index.

According to the rating agencies, UniCredit Group has improved in terms of its overall performance year-on-year in absolute value and in relative terms when compared with the rest of the financial sector. The core strength of UniCredit Group clearly lies in the economic area, with strong performances in the categories of stakeholder engagement, customer relationship and risk and crisis management. UniCredit Group was highly rated in the social area, achieving the

highest score in the category of social reporting and human capital development.

UniCredit Group has a significant opportunity to improve its overall environmental performance, particularly in the categories of globally recognized CSR standards, sustainable development and climate disclosure.

FTSE4Good Index Series

UniCredit Group is a member of the FTSE4Good Index Series. Created and managed by the FTSE Group, the index is an innovative series of real-time indexes designed to reflect the performance of companies that meet globally recognized CSR standards and to promote investment in those companies. A committee of independent SRI and CSR experts periodically review the indexes to ensure that they are an accurate reflection of current CSR best practices.

Ethibel Sustainability Index's Excellence Global Register

In the field of sustainable development our transparency has proven to be one of our greatest assets and is one of the reasons why UniCredit Group was listed on the Ethibel Sustainability Index's (ESI) Excellence Global Register at the end of 2007. Ethibel, an independent non-profit organization, has provided banks with SRI advisory services and has promoted open dialogue between companies, governments, unions, NGOs and investors in Europe since 1992. Those included on Ethibel's list of standout companies for best practices in the area of sustainability undergo rigorous screening. For this

reason, UniCredit Group is honored to be included on the list.

Oekom Research AG

UniCredit Group's pragmatic and forward-looking sustainable development strategies were validated with a *Status Prime* ranking in the Oekom Research AG annual review. Our *Status Prime* ranking was earned because of our position among the world's best financial companies and our fulfillment of the minimum best-in-class requirements for the financial industry. Oekom Research, a German-based primary rating agency, gave UniCredit Group particularly high marks in the social and cultural category, with our social and ethical policies and external reporting receiving top scores.

Climate Disclosure Leadership

The Carbon Disclosure Project (CDP), an independent not-for-profit organization, chose to include UniCredit Group in its Climate Disclosure Leadership Index (CDLI) for the first time in 2007. Further details on the CDP and CDLI are provided in the following chapter on the Environment.



Environment

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Environmental Policy

UniCredit Group understands the significant role a bank can play in meeting large-scale environmental challenges. We are committed to leveraging our position as a large financial institution to protect the environment and meet the climate change challenge.

Our climate change initiatives in 2007 signaled our progress towards the adoption of a clear climate change strategy. Our long-standing memberships in international organizations mark our cooperative approach to environmental issues. Our values inform our interactions with all our stakeholders. Our institution of ISO 14001/EU Eco-Management and Audit Scheme (EMAS)-certified Environmental Management Systems at UniCredit Group, HVB and soon Bank Austria demonstrates our commitment to measurable targets, evaluation and public communication.

This chapter provides information on our work under the Environmental Management System to manage UniCredit Group's direct and indirect impact on the environment.

Our activities in this sphere have been broken down into the following categories:

1. **Environmental policy**, including the full text of the policy signed by the UniCredit Group CEO in 2007;
2. **Environmental Management System (EMS)**, including details on the history of our EMS implementation;
3. **Projects and partnerships**, including memberships and networks;
4. **Sustainability initiatives**, including a breakdown of activities at the Holding, Divisional and Legal Entity levels;
5. **Direct impacts**, including real estate, energy efficiency, water consumption, paper consumption and waste management initiatives and our goals;
6. **Indirect impacts**, including details on our lending policy and environmental guidelines;
7. **Goals**, including specific projects planned for 2008.

By continuing to invest in innovative environmental initiatives, strong partnerships and adopting progressive environmental guidelines and policies, UniCredit Group expects and intends to have a positive and lasting impact on the environment in all of our markets.

At UniCredit Group, we are aware that our business activities have an impact on the environment even though we are a part of the service sector. Therefore, we always factor environmental sustainability into our strategic decisions.



This is why UniCredit Group adopted an Environmental Policy in 2000 and has since firmly embedded it within all of our operations. In keeping pace with the rapid changes underway in the financial industry and the world, UniCredit Group recently developed a new Environmental Policy, signed by UniCredit Group CEO Alessandro Profumo in 2007. It is presented beside.

UniCredit Group Environmental Policy

Our mission is to generate value over time for society and our customers, employees and shareholders, and for current and future generations. Our identity is based on strong, common values and is built through specific actions that are incorporated in strategic decisions and operations.

The essential process of integrating the Group with other European and Italian entities was recently completed and resulted in an expansion of the company's horizons, thereby creating a new challenge for the Group. The creation of an entity with international roots and a presence in countries with different cultures and laws has required us to make a greater commitment to pursuing the goals of sustainable development, which we have set for ourselves over time, in terms of dedicated resources and a focus on various aspects of banking operations. The Environmental Management System incorporates these new developments and allows us to make appropriate decisions for the entire Group. At the same time, it offers us a unique opportunity to make business decisions affecting the impact of our presence on the economic and social structure in a more effective manner in all areas.

A key priority for the Group is its ongoing oversight of the most significant environmental repercussions that are directly related to our operations, such as the consumption of natural resources and waste production. The Group also places considerable emphasis on preventing so-called "indirect" environmental impacts caused by outside entities whose actions we can influence through targeted decisions in the area of purchasing and loan approval policies, and in the innovation of services and determination of strategic action plans.

In this regard, UniCredit is strongly committed to the fight against climate change, a significant environmental issue for our time. The Group reiterates its commitment to foster a culture of sustainability and the achievement of the goals of the Kyoto Protocol in all countries where it has a presence. In addition to the Group's long-standing consortium involvement, the long-term strategic decision to reduce emissions of climate-altering gases is a key decision-making factor in the creation of products and credit policies.

Acting responsibly means obeying the rules. For this reason, in addition to ensuring our compliance with existing environmental laws, we have renewed our commitment to participate in voluntary initiatives and programs such as the Global Compact, UNEP, the European EMAS regulation and the Equator Principles.

We pledge to continually make technical and organizational innovations in our business and in our relationships with customers in an effort to constantly improve our performance.

Individual creativity must be encouraged and promoted in order to take advantage of new solutions that will enable us to achieve excellent results in the environmental sustainability of the company's "core business" and thus in its profitability over time. The individual actions of those who work in the Group are essential to achieving an overall improvement in our environmental performance, and it is our specific responsibility to foster a widespread awareness among staff in all countries where the Group has a presence that each person's ideas and involvement can often make a substantial contribution. The Group has a priority to provide suitable training and ensure the involvement of all employees at various company levels in order to foster their professional development.

We realize that our efforts alone will not allow us to achieve the goals we have set, and thus we are also directing our efforts to our stakeholders in order to listen to their needs, discuss possible solutions and initiate a dialogue that will allow us to grow together. We feel it is essential to communicate with those outside the Group (the public, local communities, environmental groups and customer and consumer associations) by providing continual information and taking into account their needs and suggestions. The main reason for establishing these lines of communication is to create long-term relationships in the areas where we operate and to make the best use of the specific characteristics and opportunities in these areas in terms of protecting environmental resources and creating awareness.

The best way to make our commitment credible is to ensure the transparency of our actions and the results achieved in environmental management. To this end, we measure and monitor our ability to achieve the goals we have set using a system incorporating indicators that are easy to understand and can be compared over time, and we voluntarily ask independent entities to check and assess these indicators.

Alessandro Profumo
CEO UniCredit Group

Environmental Management System (EMS)

A certified Environmental Management System (EMS) is a hallmark of quality and is highly rewarded and appreciated both by sustainability rating agencies and by stakeholders. An EMS, combined with a commitment from top management, helps an organization to clarify responsibilities, define targets and report on results.

In contrast with manufacturing firms, a bank's direct environmental impact largely stems from building and office operations, procurement and mobility. To make these as sustainable as possible, a functional environmental control system is essential. Recording material and power flows makes it possible to identify and realize potential savings by cutting costs and protecting the environment. For many years, UniCredit Group in Italy and HVB in Germany have been using an EMS that tracks improvement in these areas.

UniCredit Group's EMS consists of a set of processes and practices designed to continually enhance: our environmental efficiency and implement our environmental policies; the commitment of top management; and our consistent efforts to address the direct and indirect environmental impact of our financial institution.

EMS and UniCredit Group

The EMS concept was gradually introduced in Germany and Austria in the early 1990s. Eventually a small subsidiary, Vereinsbank Victoria Bausparkasse, obtained certification under ISO 14001 and EMAS in 2002. HypoVereinsbank was certified in 2006. UniCredit received its

first certification under ISO 14001 and EMAS in 2002. UniCredit Processes & Administration (UPA) has been certified ISO 14001 since 2006 and will receive the EMAS certification in 2008. Bank Austria will follow in 2008.

Extending EMS to Central and Eastern Europe

For the first time, the UniCredit Group is capable of presenting a status quo report on existing figures and activities from eight of the countries in Central and Eastern Europe where we have a presence - Croatia, the Czech Republic, Hungary, Romania¹, Serbia, Slovakia, Slovenia and Turkey - representing more than

70% of UniCredit Group's employee headcount for 2007. This represents the first results of our long-term plan to extend the EMS we have in place in Italy, Germany and Austria to the CEE.

Reliable data relating to energy and water consumption, business travel and paper is the basis for an effective EMS. These status reports are a starting point and blueprint for further action in this region. Some of the environmental data has been estimated based on costs. Due to variations in environmental regulations and data collection procedures from country to country, it is not always a simple matter to consolidate data that may not be directly comparable in its underlying content. One of UniCredit Group's next steps will be to align our collection methodologies.



1. For Romania, only 2007 figures are available, due to the merger of three differently structured banks (Banca Tîriac, HVB Bank Romania and UniCredit Romania) in 2006/2007.

Projects & partnerships

This section summarizes the environmental projects and goals of UniCredit Group in Italy, Germany, Austria and the CEE including climate change projects, memberships and partnership networks.

Addressing climate change

During 2007, the media and the public focused their attention on global climate change and UniCredit Group stepped forward to address this vital issue.

The financial industry has only a modest direct impact on climate change. In fact, CO₂ emissions from the banking sector are demonstrably well below the averages generated by the oil and gas, energy and automotive sectors. Indirectly, however, the financial sector plays a pivotal role. Because climate change will most likely have a serious negative impact on the global economy if it is left unchecked, it is an issue that the financial sector cannot afford to ignore.

UniCredit Group takes a broad view of the climate change issue. We believe that banks can contribute to the development of real solutions. We are prepared to play a progressive leadership role within our industry and our community. For instance, we have already assembled a team of specialists to conduct a feasibility study that will assess all near-term climate change risks and opportunities.

CARBON DISCLOSURE PROJECT (CDP)

UniCredit Group has long been a member of the CDP. As the world's largest collaboration of institutional investors, the CDP represents 315 entities managing over US \$41 trillion in assets and provides the largest and most comprehensive database of strategies from the world's largest corporations regarding the impact of climate change on shareholder value.

This year the CDP launched the Climate Disclosure Leadership Index (CDLI), a prestigious honor roll for global corporations addressing the challenges of climate change. The CDLI is comprised of 68 FT500 companies that show distinction in their responses to the CDP survey based on their reporting of greenhouse gas emissions and their assessments of climate change strategies. CDLI members are further distinguished by the disclosure of their awareness of the risks and opportunities of climate change, as well as by the quality and effectiveness of programs they have put in place to reduce overall greenhouse gas emissions. UniCredit Group is proud to be included in the index.

Our participation in the Carbon Disclosure Project demonstrates our support for the concept of encouraging companies to publicize their own policies concerning climate change as well as our desire to make institutional investors aware of the importance of investing in organizations committed to reducing CO₂ emissions.

KYOTO CLUB

UniCredit Group is among the founders of the Kyoto Club, an Italian non-profit organization launched in 1998. Composed of companies, institutions, associations and local authorities, the Kyoto Club is committed to tackling greenhouse gas abatement targets under the provisions of the Kyoto Protocol. To achieve those targets, the Kyoto Club promotes awareness, information and training on issues of energy efficiency, renewable energy and sustainable mobility.

Partnerships

UniCredit Group is committed to raising public awareness of the financial industry and its environmental achievements.

Accordingly, we have developed a significant partnership network and have either initiated, led or been active partners in many important environmental initiatives.

Initiatives we participate in include the Global Compact, the United Nations Environment Programme's Finance Initiative (UNEP-FI), the Carbon Disclosure Project (CDP), the Italian Forum for Sustainable Finance, the Italian branch of Clean Up the World, the Kyoto Club, the Munich Regional Center of Expertise, the Forum of Socially Responsible Investment, the Austrian Society for Environment and Technology (ÖGUT), respACT, and brownfield site partnership.

THE GLOBAL COMPACT

The Global Compact is an international initiative of former United Nations Secretary-General Kofi Annan that seeks to promote fundamental social and ecological principles around the world by cooperating with businesses, trade unions, private sector organizations and the United Nations. UniCredit Group endorses these principles in Italy and is an active participant in the initiative.

UNITED NATIONS ENVIRONMENT PROGRAMME'S FINANCE INITIATIVE (UNEP-FI)

UniCredit Group is a signatory to UNEP-FI, a global partnership between the United Nations Environment Programme and the financial sector. Together, we are working to understand the impacts of environmental and social considerations on financial performance and to partner on the international level in the promotion and development of integrated banking and environmental sustainability policies.

In June, UniCredit Group signed a declaration that called on heads of state to support formal emission reduction targets to

Projects & partnerships (CONTINUED)

avoid the high costs that will be incurred by global climate change.

At UniCredit Group, we are committed to the UNEP-FI's CEE Task Force. We are actively promoting a consistent approach to sustainability along with best practices and monitoring tools for environmental risk in the CEE.

ITALIAN FORUM FOR SUSTAINABLE FINANCE

As a partner in the Italian Forum for Sustainable Finance (*Forum per la Finanza Sostenibile*), we are dedicated to supporting this multi-stakeholder organization, which was created in 2001 to promote dialogue among actors interested in the topic of sustainable development from a financial perspective.

CLEAN UP THE WORLD

UniCredit Group contributes to the planning and organization efforts of the Italian branch of Clean Up the World (*Puliamo il Mondo*), the largest voluntary environmental project in the world.

MUNICH REGIONAL CENTER OF EXPERTISE

HVB is a founding member and head of the Munich Regional Center of Expertise, a worldwide United Nations University initiative. Through the Center, HVB engages in sustainable development education with other corporations, the City of Munich, universities, schools, NGOs and other institutions.

FORUM OF SOCIALLY RESPONSIBLE INVESTMENT

HVB is a founding member of the Forum of Socially Responsible Investment, and we currently head the organization.

AUSTRIAN SOCIETY FOR ENVIRONMENT AND TECHNOLOGY (ÖGUT)

Bank Austria is a founding member of ÖGUT, a society that aims to initiate and promote solutions that benefit the environment and the economy and to improve communication among relevant interest groups.

RESPACT - AUSTRIAN BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT

Bank Austria is a member of respACT - Austrian Business Council for Sustainable Development, an association that is a point of contact for all issues concerning the practical application of sustainability, corporate social responsibility and ethical business conduct.

BROWNFIELD SITE² PARTNERSHIPS

Bank Austria is a member of several organizations that are working to address brownfield sites, including the Austrian Society for the Management of Contaminated Sites (ÖVA), and the ÖNORM Workgroup (*Arbeitskreis ÖNORM*), which deals with contaminated sites and is responsible for developing a new standard covering "Documentation and Assessment of the Environmental Conditions during Property Valuation - Subsequent Use and Cost Calculation for Brownfields". Bank Austria also holds a seat on the Working Group on Economic Issues of the European CABERNET project (Concerted Action on Brownfield and Economic Regeneration Network), which was launched in 2001 and aims to establish a pan-European competence network on the rehabilitation of industrial brownfield sites and the economic regeneration of urban areas.

2. The term "brownfield site" generally is understood to mean real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

Sustainability initiatives

UniCredit Group takes action at the Holding, Divisional and Legal Entity levels to leverage our financial knowledge to promote sustainable approaches to the environment in all of our markets.

Holding level initiatives

Our Holding level initiatives include investing in the reduction of greenhouse gases, addressing wildlife sustainability issues, offsetting CO₂ emissions, and sponsoring renewable energy research programs.

JOINTLY DEVELOPING SUSTAINABILITY STRATEGIES

In December 2007, we signed an agreement with the World Wildlife Fund to develop a joint program with an initial focus on Italy, but with the potential to expand on an international scale. The program will implement a strategy addressing issues of environmental sustainability.

OFFSETTING CO₂ EMISSIONS

In 2007 UniCredit Group continued its policy of offsetting CO₂ emissions generated from the production of the UniCredit Group Consolidated Annual Report by purchasing certificates from the Valtellina biomass district heating plant, located in the Lombardy region of northern Italy.

We also purchased credits from a wind farm in Turkey to offset CO₂ associated with the holding of our annual Venice Forum, which was dedicated to energy markets and renewable energy this year. UniCredit Group was pleased with the very high level of panelists in attendance and was particularly proud that Carlo Rubbia, the winner of the 1984 Nobel Prize in Physics, was on hand to deliver the Venice Forum's keynote address.

ISTITUTO DI ECONOMIA E POLITICA DELL'ENERGIA E DELL'AMBIENTE (IEFE)

UniCredit Group, as a member of IEFE at Bocconi University in Milan, sponsored an 18-month research program on renewable energy under the European platform called 20-20-20 (i.e., -20% CO₂, +20% renewable energy by 2020). The research aims at assessing possible positive scenarios in the hope of achieving long-term targets for reduced energy consumption and increased use of renewable energy sources in the Italian economic system.

ENHANCING SECURITY OF SUPPLY THROUGH RENEWABLE ENERGY INITIATIVES

The Venice Forum is hosted by UniCredit Group on a biannual basis to stimulate innovative ideas that can contribute to and strengthen the European integration process. The 2007 theme was *European energy policy: enhancing security of supply by creating a single EU energy market?*

Starting with the need to create a single European energy market, major energy issues were discussed, including climate change, renewable energy, missed energy opportunities, European policies towards Russia, nuclear energy and the implementation of the Kyoto Protocol.

Divisional level initiatives

At the Divisional level, we reaffirmed our approach to such traditional environmental fields as project finance and carbon finance and launched several new initiatives and products. In late 2007, we convened representatives from all UniCredit Group Divisions to share best practices and lessons learned and to identify potential synergies.



CO₂ REDUCTION AND RENEWABLE ENERGY PROJECT FINANCING

UniCredit MIB, with more than 20 years of project finance experience, is a leader in the field and is taking action in 2007 to meet the growing need for CO₂ reduction and the subsequent increase in demand for renewable energy project financing. The division ranks among the market leaders in the financing of wind power projects (as the number three Global Mandated Lead Arranger in 2006).

PROVIDING CUSTOMERS WITH SUSTAINABLE INVESTMENT OPTIONS

Pioneer Investments, the core of our Asset Management Division, has a longstanding tradition of providing its customers with the option to invest in sustainable funds. The

Global Ecology equity mutual fund, which targets retail and institutional investors, is focused on renewable energy, ecological themes and eco-friendly companies. The Clean Energy Fund is a closed-end fund for Italian institutional clients focused on renewable energy and investing in private equity, carbon credits and venture capital participation.

OFFERING FAMILIES FINANCING FOR RENEWABLE ENERGY SOLUTIONS

Our Retail Division promotes personal renewable energy solutions by offering financing for consumer solar panels. Through agreements with agricultural syndicates (e.g., Confagricoltura), we also fund investments and support activities that address climate change.

Sustainability initiatives (CONTINUED)

PROVIDING FREE ENERGY PERFORMANCE CERTIFICATES

We offer our German retail customers free Energy Performance Certificates for residential buildings in cooperation with our subsidiary, VVB (Vereinsbank Viktoria Bausparkasse). These certificates are based on the German Energy Saving Ordinance (EnEV) and contain information about modernization requirements and renovation recommendations. Together with the certificates, HVB/VVB offers special financing solutions to enable clients to carry out eco-friendly improvements.

INCENTIVIZING SMEs TO REDUCE EMISSIONS AND INCREASE EFFICIENCY

In 2007, following an agreement with the Italian Ministry of Economic Development, UniCredit Banca d'Impresa of the Corporate Division offered its SME customers a "plafond" of €500 million to encourage SME's to reduce CO₂ emissions and increase their energy efficiency.

Legal Entity initiatives

UniCredit Group leverages our Legal Entities' local knowledge and prestige to promote environmental initiatives to our core markets.

STIMULATING ENHANCED NETWORKING

HVB is among the leading financial service providers that founded the Finance Forum. The second climate research summit was held on 16 October 2007 on the subject of climate change. A new and central research and dialogue platform for the effective implementation of climate policy, the Finance Forum is a part of the German Federal Government's "High-tech Strategy for Climate Protection," which is designed

to stimulate enhanced networking between innovators and financial service providers.

DISSEMINATING PRACTICAL INFORMATION FOR FAMILIES

Bank Austria, in collaboration with bauMax and the Austrian Lebensministerium (Ministry of Life), launched the Energy and Cost Savings Initiative in 2005. The initiative disseminates practical information on environmentally friendly building methods and low-energy devices and equipment for the household. This undertaking remains significant, because Austria's households are responsible for approximately one-third of the country's CO₂ emissions.

A climate change strategy for the future

Some of the initiatives highlighted above serve as a starting point for UniCredit Group's comprehensive Climate Change Strategy, which will be defined in 2008.

Since the beginning of last year, climate specialists from our Divisions have worked to craft a clear statement on climate change to be endorsed by the UniCredit Group CEO. The statement will include greenhouse gas abatement targets in line with the UNEP-FI statement that UniCredit Group signed in June of 2007.

The core of the draft statement is provided below:

We commit:

- To advance our knowledge and understanding of both climate change risks and opportunities.
- To quantify and integrate those risks and opportunities into our core financial operations. This includes working with our clients and investments - through engagement and product development - to reduce their carbon emissions.
- Similarly, to assist our clients in managing the risks and opportunities of climate impact, by assessing their exposure and by providing products and services that improve their adaptive capability.
- To reduce our own direct impact and carbon footprint and to report and assess our annual emissions transparently.
- To incorporate the issue of climate change into our investment decision-making process in order to promote and protect asset growth in the companies and sectors in which we invest. This includes cooperation to encourage and harmonize disclosure of climate-related items in regular financial reporting with the goal of more accurately assessing the impacts of climate change on company performance.

UNEP-FI declaration on climate change by the financial services sector, signed by UniCredit Group on 5 June 2007

Direct impacts

Controlling and reducing our direct impact is a constant consideration for UniCredit Group.

Our direct impact on the environment stems from activities expressly related to banking operations in the form of the energy and water we consume, the building materials that go into our facilities and the transportation requirements of our employees. UniCredit Group treats these resource impacts as equal in importance to those we affect indirectly through our business policies.

Wherever practicable, we undertake to minimize the impact we have on the environment through our everyday business activities. Our work to develop an environmental conservation plan will result in reduced operating costs by decreasing our consumption of basic resources and input commodities. It will enable us to serve as a role model for our stakeholders, multiplying the positive impact of our efforts by encouraging others to undertake similar efforts.

Implementation of our objectives requires a multi-pronged approach. We will continue to improve our resource consumption efficiency and streamline our business processes and resource use within the framework of our certified EMS. We will take further steps to reduce carbon emissions. We will continue to raise our employee's awareness of conservation issues.

At present, our efforts to reduce our direct impact are principally focused on real estate, energy efficiency, water consumption, paper consumption and waste management.

Real estate

Our real estate choices (with respect to architecture, construction, space management and technical infrastructure)

have a substantial impact on UniCredit Group's environmental performance and environmental footprint.

Sustainable real estate management means conserving resources and identifying opportunities for energy savings. It includes both environmentally aware construction and the creation of health-conscious interior environments. Economic and environmental features, space efficiency, high-quality workplaces and low operating and energy costs are all important criteria in construction and remodeling projects. Building maintenance furnishes some of the most straightforward opportunities for sustainability in terms of its direct impact on the environment, the health of our employees, and costs.

UniCredit Group will continue to conduct energy-optimized planning with input from our facilities management experts. Our experience has shown that well-designed roof replacement and façade restoration projects can conserve as much as two-thirds of our energy expenditures for heating and cooling.

Our actions in this area include initiatives to achieve efficiency in climate control, to strengthen facilities management and to renovate water-management systems.

EFFICIENCY IN CLIMATE CONTROL

All heating and air conditioning systems in Italy were modernized and upgraded (i.e., installation of high-efficiency air conditioning systems, smart/low-energy lighting systems, insulated windows, reflective window film and remote temperature control systems) from 2006 to 2007 in roughly 650 buildings. As a result, our projected reduction in energy consumption in 2008 will be 5.7 GWh per year, saving the UniCredit Group €450,000 annually. Furthermore, the Sant'Elia building in Milan has been granted

European Union GreenBuilding Partner status due to our successful optimization of the structure for efficient climate control.

We have developed common-sense solutions in Italy in order to increase climate-control efficiency, allowing for a business-casual dress code during the summer teamed with a deliberate reduction in our use of air conditioning and targeted internal awareness campaigns.

In Germany, HVB's new high-rise building in Munich incorporates a number of significant energy efficiency measures. A new and more efficient air conditioning system provides roughly a 30% decrease in electrical power requirements, allowing for energy savings of some 550,000 kWh, equal to a CO₂ reduction of 250 tons per year, while the renovation of the roof provided heating savings equivalent to about 700,000 kWh.

In Austria, Bank Austria's initiatives to reduce the airflow rate in selected offices and lobbies have led to savings of more than 420,000 kWh in electricity and the equivalent of 22,000 kWh for heating. Similarly, the optimization of extra-cooling by the modification of circuit time and room temperature in the "Millennium City" branch in Vienna resulted in a 100,000 kWh reduction in electrical consumption.

Data on the consumption of energy for heating purposes in the CEE is difficult to collect, as most of the facilities are not equipped with proper metering devices. In many cases, non-itemized office energy invoices include the cost of heating, and in other cases it is paid to property owners as an undifferentiated part of the rent. In the near future, we will improve cost-reporting methods and implement necessary measures to ensure tighter control over energy consumption.

Direct impacts (CONTINUED)



STRENGTHENING FACILITY MANAGEMENT CAPACITY

In Germany, HVB has adopted a new environmental information platform to strengthen facilities management processes. The platform provides information tools covering sustainability, architectural and technical solutions and sustainable materials.

RENOVATING WATER MANAGEMENT SYSTEMS

In 2007, we renovated the sewer systems in the Technical Center building in Tucherpark, Munich. Now rain and wastewater will be diverted separately, leading to cost savings through the rainwater that does not flow into the sewer system. Since it is unnecessary to purify rainwater through a sewage-treatment plant, this puts less strain on the system. Additionally, rather than being diverted into the sewer system, the rainwater can now

trickle through simple filtration ditches, providing natural benefits and further cost savings.

Energy efficiency

Energy efficiency is a key objective of our overall environmental strategy. Building architecture and the mechanical systems in office buildings are crucial factors in efficient energy management. Consequently, we make every effort to ensure low operating and energy costs, while at the same time incorporating other environmental considerations into construction and remodeling projects.

Our actions in this area include installing intelligent systems, tapping renewable energy, providing Energy Passes, monitoring

atmospheric emissions, conducting test programs, using common sense, modernizing IT systems and improving the reporting on energy consumption at our Units in the CEE.

INSTALLING INTELLIGENT SYSTEMS

In Italy, the Sant'Elia building in Milan is equipped with advanced lighting management systems that feature automatic switch-off and other automatic regulators that decrease voltage in certain areas during evening hours.

In Germany, HVB is renovating the elevator facilities in the Technical Center & VTO buildings in Tucherpark, Munich. The Technical Center is already finished, and the VTO project will be completed at the end of 2008. By utilizing state-of-the-art technology, HVB seeks to realize substantial energy savings. Altogether, energy

efficiency measures in four HVB buildings in Tucherpark, Munich, are saving up to 105,120 kWh per year.

TAPPING RENEWABLE ENERGY

The percentage of electrical power supplied by renewable sources to all legal entities of UniCredit Group in Italy was 93.9% as of our last accounting in 2007.

PROVIDING ENERGY PASSES

Under German law, an *Energy Pass* must be provided for every building sold or leased from 2008. At HVB, our preparations to meet this requirement are well underway. As an example, we have prepared a consumption and demand-oriented *Energy Pass* for two properties in the cities of Munich and Rosenheim that are in the process of being finalized. Proposals for other improvements are in progress.

MONITORING ATMOSPHERIC EMISSIONS

Atmospheric emissions produced by many of our boilers and central heating systems are regularly monitored and controlled by specialist and management companies, which ensure that their content is kept within legal limits and which maintain the equipment to ensure efficiency.

CONDUCTING TEST PROGRAMS

We are conducting a test program at three medium-sized buildings in Verona, Vicenza and Treviso. The cost savings generated from reduced energy use is projected to be €280,000 per year starting from 2008. Another test at three large buildings, Milan Sant'Elia, Verona Monte Bianco and Trieste Corso Italia, is altogether saving approximately 10.5 GWh in energy savings and €1,180,000 in costs per year.

USING COMMON SENSE

In Austria, 282,000 kWh in electrical savings came from changing the lamps and

electronic ballasts in the garage and main building of our Lassallestrasse office in Vienna. When combined with our efforts to improve the efficiency of our climate control systems, these measures have saved Bank Austria approximately €97,620 annually.

MODERNIZING IT SYSTEMS

UniCredit Group has also adopted energy-saving policies that require personal computers, monitors and related electronic devices to be turned off at the end of each working day.

At Bank Austria we have introduced the WOL (Wake-on-LAN) feature on our computer networks, which is scheduled to be part of the next Microsoft Hyper virtualization software release. The feature makes it simpler to leave a networked computer fully shut down when not in use. By shutting down one PC, electric usage is reduced by approximately 70 to 80 watts. Assuming that a computer is operated for 50 hours a week and can be shut off for nearly all of the remaining time, the annual savings in electricity consumption will be roughly 500 kWh per computer. At the current cost of electricity, this results in a total savings throughout the bank of about €220,000.

After the successful virtualization projects in Italy and Germany, Project VIA (Virtualization in Austria) began in May 2007 and was successfully completed at the end of November. Bank Austria succeeded in virtualizing 638 servers,

which are now being operated through 36 machines without suffering any functional losses. This corresponds to a savings of approximately 2,670 MWh per year, which results in an annual cost savings of roughly €310,000. The success of this project is leading to further virtualization solutions in IT Austria.

Since only 36 servers are in operation instead of 638, Bank Austria is leaving a lighter footprint all the way up the distribution chain (i.e., fewer machines need to be produced, less energy is consumed by the manufacturer, less toxic material is used, less waste produced), leading to lower overall energy consumption. The project will save Bank Austria a significant amount of money and make a substantial contribution towards environmental protection.

BENCHMARKING ENERGY CONSUMPTION

In the CEE, electrical consumption per employee varies from 3,224 kWh in Slovenia to 6,746 kWh in Romania. The average electricity consumption is 22% below the average per employee in Italy, Austria and Germany. Such energy-intensive facilities as the data center and other air-conditioned buildings are boosting electrical consumption. In the future, we intend to benchmark our CEE energy consumption, analyze the design quality of our buildings and improve the energy efficiency of our technical infrastructure and IT systems.

Energy consumption per employee (kWh/capita) ³		
COUNTRY	2007	2006
Italy	10,733	11,507
Germany	13,203	15,575
Austria	13,962	13,757
CEE	10,967	9,931

3. Figures relate to 85% of 2007 of employees headcount for countries reported in the table.

Direct impacts (CONTINUED)

Energy consumption by source (%) ⁴			
	COUNTRY	2007	2006
renewable sources	Italy	61.3%	56.7%
	Germany ⁵	19.0%	19.0%
	Austria	54.5%	54.0%
	CEE ⁵	17.4%	15.7%
fossil fuels	Italy	38.7%	43.3%
	Germany ⁵	32.0%	32.0%
	Austria	45.5%	46.0%
	CEE ⁵	61.0%	59.5%
nuclear power	Italy	0.0%	0.0%
	Germany ⁵	49.0%	49.0%
	Austria	0.0%	0.0%
	CEE ⁵	21.6%	24.7%

4. Figures relate to 73% of 2007 of employees headcount for countries reported in the table.

5. Figures from Germany and Czech Republic address only electrical consumption.

GHG emissions from energy consumption per employee (tons CO ₂ eq/capita) ⁶			
COUNTRY		2007	2006
Italy ⁷		1.01	1.16
Germany ⁷		4.28	5.82
Austria ⁷		2.08	2.03
CEE ⁸		4.41	4.02

6. Figures relate to 85% of 2007 of employees headcount for countries reported in the table.

7. Calculation based on emissions factors related to specific energy suppliers.

8. Calculation based on the CO₂ calculation tool of the GHG Protocol Initiative (World Resource Institute-WRI/World Business Council for Sustainable Development-WBCSD).

Water consumption

UniCredit Group is aware that water conservation will soon be a global issue. That is why we are seeking to reduce and optimize our water consumption by

upgrading the technological infrastructure of our buildings. While most of the water we use is linked to building infrastructure facilities, employees can make a positive contribution and become conscious about water consumption in general.

Water usage per employee (m ³ /capita) ⁹			
COUNTRY		2007	2006
Italy		38	37
Germany		17	20
Austria		33	34

9. Figures relate to 87% of 2007 of employees headcount for countries reported in the table.

Paper consumption

At UniCredit Group, we believe that the production and distribution of paper should be resource-efficient. That is why all of our paper must be derived from environmentally sound sources, such as certified sustainable forests, and be produced in an environmentally sound way. Our overall group-wide target is to reduce paper consumption and increase the ratio of recycled paper we use on a daily basis.

In Italy and Germany, we use recycled paper for much of our internal communications, at levels of 50 percent and 25 percent, respectively. HVB is proud to use only the highest standard "Blue Angel" recycled paper. For external purposes, HVB uses white paper (non-recycled) of the highest environmental standards, with the FSC seal (signifying its originating from certified sustainable forests), made under TCF (total chlorine free), environmentally-friendly production methods that are the strictest across the entire UniCredit Group.

Paper consumption per employee (kg/capita) ¹⁰		
COUNTRY	2007	2006
Italy ¹¹	82	79
Germany	54	55
Austria ¹²	108	100
CEE	53	46

10. Figures relate to 87% of 2007 of employees headcount for countries reported in the table.

11. 2006 figure differs from the one published in the previous report, due to different criteria.

12. Consumption figures for Austria include paper used for direct marketing activities.

In the CEE countries, paper consumption is lower than that in Italy, Germany and Austria. The average annual consumption across the region is 53 kg per capita. As of today, none of our Legal Entities in the CEE is regularly using recycled paper. Non-recycled white paper produced according to the elemental chlorine-free (ECF) standard is being used in the Czech Republic, Hungary, Slovakia and Turkey.

Waste management

Most of the waste UniCredit Group generates involves paper, packaging materials, data

storage materials and residual waste from the communal kitchen areas. Cost-aware, ecologically efficient management of material flows is the goal of our disposal-management efforts.

About 75% of our waste at HVB is paper, and we ensure that all our waste is collected and properly disposed of by certified specialist companies. We have drawn up plans to reduce HVB's waste and to teach our employees how to avoid unnecessary waste. At HVB, we reuse some of the waste paper we generate after it is recycled into paper towels and toilet paper.

Waste production per employee (kg/capita) ¹³		
COUNTRY	2007	2006
Italy	142	157
Germany ¹⁴	287	286
Austria	198	193

13. Figures relate to 63% of 2007 of employees headcount for countries reported in the table.

14. German figures include both urban and special waste.

GHG emissions from business travel per employee (tons CO ₂ eq/capita) ¹⁵		
COUNTRY	2007	2006
Italy ¹⁶	0.45	0.32
Germany ¹⁷	0.79	0.68
Austria ¹⁷	0.35	0.29
CEE ¹⁶	0.44	0.50

15. Figures relate to 70% of 2007 of employees headcount for countries reported in the table.

16. Calculation based on the CO₂ calculation tool of the GHG Protocol Initiative (World Resource Institute-WRI/World Business Council for Sustainable Development-WBCSD)

17. Calculation based on emissions factors related to specific sources

Mobility management

One of the most important direct impacts attributed to financial institutions are emissions generated by business trips. Since mobility is indispensable for UniCredit Group's business activities, we focus on traveling efficiently to reduce our environmental footprint. We aim to cut back on unnecessary business travel and to rely on more environmentally friendly forms of transport. This also applies to the daily commutes of our employees.

REDUCING COMMUTING

The UniCredit Group Mobility Manager introduced several programs for employees in Italy to reduce travel and lower the overall environmental impact of daily commuting requirements (e.g., a contribution of 25% towards the conversion of our employees' cars to methane/LPG (liquefied petroleum gas)).

We offer discounts on public transport commuter passes in Munich and Hamburg, and, in Milan, we provide additional incentives for our employees to use their cars less, such as a 50% discount from a number of supermarket chains for home deliveries to reduce shopping-related travel.

REDUCING BUSINESS TRIPS

According to HVB's current travel guidelines, our German employees must use public transport for normal business trips in town. Similarly, rail travel must replace all short-haul flights up to 500 km. Further measures aimed at reducing transport-related emissions of carbon dioxide include the purchase of 21 hybrid vehicles, the provision of free company bicycles in Munich and equipping our diesel fleet vehicles with soot particulate filters.

Bank Austria is increasing its use of videoconferences with a view to reducing the

Direct impacts (CONTINUED)

amount of physical business travel, saving money and protecting the environment. In 2007, the number of videoconferences increased by more than 110 percent (from 286 in 2006 to 606 in 2007).

In the CEE, the automobile is the dominant mode of transportation for financial firms. Due to the increasingly global scope of the UniCredit Group, international air travel has become more and more common among our CEE employees. We will continue to make advances in assessing and controlling our travel requirements and will emphasize the use of more energy-efficient vehicles in the CEE when practicable.

Sustainable event management and catering

Whenever practicable we use regional organic foods, locations with public transportation options and a sensible selection of decorations and giveaways that minimizes waste because we know that proper event management can have a very positive effect on the sustainability of banking operations. Whenever possible, as at the Venice Forum last year, we acquire CO₂ compensation credits to reduce our carbon footprint.

We will continue to focus on designing more environmentally friendly events, both internal and external, in the future.

Awareness-raising activities

To be truly sustainable, UniCredit Group knows that a bank needs every employee's support. Therefore, we communicate

ideas about sustainability and about the environment through a wide variety of channels.

Beginning in 2006 in Italy, UniCredit Group's intranet has included a portal that describes general-interest environmental issues, activities and solutions carried out by UniCredit Group, along with guidelines for everyday behavior.

In Germany, CSR intranet homepage provides detailed information on the company's performance, initiatives, projects and responsibilities. Pertinent, up-to-date information is shown on the main homepage. Employees can also obtain information through leaflets, automatic intranet pop-ups and tips, inter-sectoral working groups and a yearly CSR event.

Indirect impacts

Our indirect impact on the environment stems from such activities as our lending practices. Shaping and mitigating the level and nature of our indirect impact is a constant activity at UniCredit Group.

Indirect environmental impacts are developing into a core strategic focus for all of us at UniCredit Group. In our lending business, for example, we strive for consistency in our values - especially when it comes to funding projects with clear environmental impacts (e.g., financing of energy plants, financing of photovoltaic projects, etc.). This is one way for us to meet our ecological and social responsibilities.

Credit

We consistently enforce our guidelines - especially our lending policy and our environmental guidelines - in our lending business. This is one way we can meet our ecological and social responsibilities as a company in the financial services industry. We apply appropriate tools to ensure the sustainability of our loans. The most important goal of our environmental risk management is to minimize our loan-default risk and any risks to our reputation. In the case of corporate loans in particular, it has turned out that environmental risks can have a substantial impact on a client's credit rating or on the value of bank collateral.

CREDIT AND INVESTMENT BANKING

In the case of project finance loans, where the sponsoring firm's credit rating is not at issue and the cash flow expected from the project is expected to provide for the necessary servicing of capital, there may be cases where environmental and social risks can greatly increase the probability of a loan default. This risk is less relevant for



foreign-trade loans, as these transactions are generally covered by export credit agencies.

CREDIT AND CORPORATE BANKING

All types of lending carry some risk of damaging a reputation. In an effort to protect UniCredit Group from these risks, our General Credit Policy clearly states that every loan must be reviewed for its ecological and social impacts. The minimum standard to be met is established by the applicable local, national and international laws, as well as by the World Bank's environmental and social standards, such as performance standards and the Environmental, Health and Safety (EHS)

guidelines. Thus, reviewing social and environmental risks is an integral part of every loan decision. For example, in Germany and Austria, HVB and Bank Austria have environmental desks that have provided support to credit officers and risk managers in the areas of ecological, social and reputational risk for many years.

Furthermore, sector-based credit policies have been developed to take into account environmental issues. Credit rating procedures have incorporated in their financial methodology the use of questionnaires for qualitative analysis of the counterparty, in order to identify potential environmental risks. Rating

models have been developed to address specific operational contexts. Two principal sectors can be treated in this way: group-wide (governments, banks, insurance companies, multinationals) and local (large corporations, corporations, small businesses). We have also implemented an impact analysis following the European Bank of Reconstruction and Development's model.

UniCredit Group intends to develop additional sector-based credit policies, to focus on group-wide environmental protection implementation, to improve our internal tools and processes and to expand our stakeholder dialogue.

Indirect impacts (CONTINUED)

Developing renewable energy sources

During 2007, project-financing activities performed by UniCredit Infrastructure primarily emphasized the development of renewable energy sources. Major projects included the financing of four wind energy plants in southern Italy for €210 million, the financing of a photovoltaic project for €15 million and an advisory project for many Italian water resource authorities for €15 million.

In Turkey, YKB provides project financing to environmentally friendly initiatives and requires Environmental Impact Assessment (EIA) reports before financing can be finalized for any project. YKB strongly supports those customers who invest in renewable energy alternatives such as wind and hydroelectric power plants, and we aim to increase the share of renewable energy investments in our portfolio over the next five years.

Reducing greenhouse gases

UniCredit Group has invested €10 million in the European Carbon Fund, the first non-governmental fund promoted by the Caisse des Dépôts et Consignations. The fund invests in rights and derivatives relating to the reduction of greenhouse effect gas emissions.

Providing liquidity to carbon markets

2008 is the first year that signatory nations must meet Kyoto Protocol targets. UniCredit MIB's Carbon Solution Team has been embedded within the commodities trading department since 2006 and is working to

provide liquidity to the market to ensure the correct and consistent pricing of CO₂. The team stepped up its activity in 2007 with more than €800 million traded in European Union Allowances (EUAs) and Certified Emission Reductions (CERs - representing more than 50 million tons of CO₂ equivalent (tons CO₂ eq.)) At present, it is important to note that the team's focus is on customer-driven transactions and that their work represents only a fraction of UniCredit MIB's yearly turnover.

Leading innovative climate protection bond issues

UniCredit MIB, together with Dresdner Kleinwort and Merrill Lynch International, served as lead manager of the European Investment Bank's issue of a new bond that combines innovative features focused on climate protection and offers a unique investment opportunity. This issue was the first bond to be sold via public offering in all 27 EU Member States with proceeds earmarked for future renewable energy and energy efficiency projects. The bond also offered a return linked to the performance of the new FTSE4Good Environmental Leaders Europe 40 Index and gave investors the option to purchase and cancel CO₂ Allowances (EUAs) in a simple and transparent way at maturity.

Transparently reporting on issues

In 2007, UniCredit Group is proud to have won an award at the "Intellectual Capital Value Awards" for our commitment to reporting activities linked to social and environmental issues.

Goals

In line with UniCredit Group's CSR strategy, our environmental goals are to continue implementing energy-efficiency measures, maintain our ongoing climate-protection measures, implement an EMS in Austria, prepare for future EMS implementations in the CEE and expand our focus on environmentally oriented communications, information and training.

To meet these targets, we have planned numerous concrete projects for 2008 and beyond at both the pan-European and country levels.

Pan-European level

Subscribing to the Equator Principles

On a pan-European level, UniCredit Group will be subscribing on a group-wide basis to the Equator Principles, a set of voluntary guidelines designed to ensure respect for the environment and for social equity in project financing.

Country level

ITALY

Upgrading climate control systems

We will upgrade the central heating and air-conditioning systems in our Milano Cordusio, Torino via Nizza and Bologna via del Lavoro buildings. These upgrades will generate an estimated total energy reduction per year of one GWh and an estimated cost reduction per year of €600,000. Projects will be completed by the first half of 2009.

We will replace old thermostats with the latest-generation remote control systems for 50 buildings in Italy by the first half of 2009. This will lead to better system balancing and a significant reduction in energy consumption.

Producing energy savings

We will remove all redundant Uninterruptible Power Supply (UPS) Units from our buildings. The project will end in 2009 and will produce an energy savings worth roughly 1.8 GWh and €275,000.

GERMANY

Lowering resource consumption

In Germany over the last few years, HVB has undergone several reorganizations. Because of this, many Divisions and Units, especially at the Munich headquarters, are dispersed over different locations. By implementing a new space policy, Units belonging or working together will be located in one building or campus. Our goal is to enhance our employees' efficiency. As a result, we have freed up about 20,000 square meters of office space in Munich. We will dispose of this space by the end of 2008.

Rebranding and energy efficiency

Taking advantage of the HVB rebranding process, we will convert our new signage system to LED technology by the end of 2008. Compared with conventional fluorescent tube display technology, we will be able to reduce energy consumption from signage by 90%. While there will be initial costs to this conversion, we have decided that the long-term environmental benefits outweigh the up-front costs.

Data center redundancy

We plan to install an innovative cooling and electrical power supply solution for the data center in Munich at Tucherpark by the end of 2009. Water from the nearby Eisbach River will supply a cooling system with the capacity for year-round use. This will permit us to use existing cooling towers and refrigeration machines for back-up purposes only, reducing energy consumption by 13 GWh per year. The project will reduce overall electricity, maintenance and water-conditioning needs and costs.

AUSTRIA

Environmentally-friendly automotive fleet

Bank Austria is setting ambitious goals regarding climate protection, reducing emissions and serving as a role model for other corporations. The Bank Austria automotive fleet will become environmentally friendly within the next four years. About 100 cars used by account managers for visiting our clients will be exchanged for low-CO₂-emissions models. Special training sessions on fuel-efficient driving will further enhance their effectiveness.

Climate control efficiency enhancements

Bank Austria is working to reduce the district heating connection power in three buildings, saving a minimum of €33,000 and 213,000 kWh of heating energy per year.

GRI-G3 index

GRI-G3 index

Some indicators are represented with a partial coverage, although the most significant information related to Corporate Responsibility has been stated in the report.

All the core indicators have been inserted in the table, while the additional ones have been reported only if they are stated in the Sustainability Report.

Legend:

Total	Indicator completely covered
Partial	Indicator partially covered
N/A	Not applicable
NI	Not included
EC-EN-LA...	Core indicator
EC-EN-LA...	Additional indicator

	COVERAGE	PAGE
PROFILE		
1. Strategy and analysis		
1.1 Statement of the most senior decision-maker of the organization	Total	6-7; 20-24
1.2 Main impacts, risks, and opportunities	Total	20-24; 36-37
2. Organization profile		
2.1 Organization name	Total	Cover
2.2 Main brands, products and/or services	Total	10-15
2.3 Operational structure of the organization	Total	12-15
2.4 Headquarters	Total	Cover
2.5 Countries of operations	Total	10-11
2.6 Ownership structure and type of legal entity	Total	122. Annual Review 127
2.7 Markets served	Total	13
2.8 Scale of the organization	Total	11
2.9 Significant changes	Total	14-15 Annual Review 100-107
2.10 Awards received	Total	69-70, 79, 142
3. Report parameters		
Profile		
3.1 Reporting period	Total	8-9
3.2 Previous report's date of publication	Total	8-9
3.3 Reporting frequency	Total	8-9
3.4 Contact point for information on report	Total	160
Report purpose and scope		
3.5 Process for defining contents	Total	8-9
3.6 Report scope	Total	8-9

(follows)

	COVERAGE	PAGE
3.7 Limitations of report purpose or scope	Total	8-9
3.8 Information on other associate companies	Total	8-9
3.9 Data measurement techniques and basis of calculation	Total	8-9
3.10 Modifications compared with previous report	Total	8-9
3.11 Significant changes compared with previous report	Total	8-9
Index of GRI contents		
3.12 Table of reference	Total	146-149
Assurance		
3.13 External assurance	Total	152-153
4. Governance, Commitment, Involvement		
Governance		
4.1 Governance structure	Total	29-34
4.2 Indicate whether Chairman also holds an executive role	Total	31
4.3 Independent and/or non-executive directors	Total	30-31
4.4 Mechanisms for making recommendations to Board of Directors	Total	55 Corporate Governance Report 8; 60-63
4.5 Link between directors' remuneration and performance	Total	Corporate Governance Report 35-40. Bilancio 2007 UniCredit S.p.A. 190-196. 2008 long term incentive plans of UniCredit Group
4.6 Mechanism of conflicts of interest's avoidance	Total	Corporate Governance Report 19-20
4.7 Directors' qualifications	Total	Corporate Governance Report 14-15; 32-34
4.8 Mission, values, codes of conduct, and principles	Total	14-15; 20-23; 52-53; 55
4.9 Procedures to identify and manage economic, environmental, and social performance	Total	8-9; 36-37. Corporate Governance Report 42-45
4.10 Process to assess BoD's performance	Total	Corporate Governance Report 21-22
Commitment in external initiatives		
4.11 Way in which prudential principle or approach is applied	Total	34-37
4.12 Adoption of external codes and standards in the economic, social, and environmental fields	Total	37; 68-70; 131-132
4.13 Memberships in associations	Total	131-132
Stakeholder Engagement		
4.14 List of stakeholders engaged	Total	24
4.15 Principles for stakeholders' identification and selection	Total	8-9; 24
4.16 Stakeholder engagement activities	Total	24; 52-55; 83-87; 100-105; 122
4.17 Key aspects and criticalities emerging from stakeholder engagement and related actions	Total	36-37; 83-87
ECONOMIC PERFORMANCE		
DMA EC Information on management approach	Total	10-11; 14-15. Annual Review 10-15
EC 1 Direct economic value generated and distributed	Total	16-17
EC 2 Financial implications and other risks and opportunities due to climate change	Total	131-134; 142
EC 3 Coverage of the organization's defined benefit plan obligations	Total	57. Annual Report 141-143
EC 4 Significant financing received from Public Administration	NI	
EC 6 Policy, practices, and percentage of expenditure concentrated on local suppliers	Partial	96-97
EC 7 Procedures for local hiring	Partial	40; 47
EC 8 Development and impact of investments in infrastructures and public utilities	Total	111-118
ENVIRONMENTAL PERFORMANCE		
DMA EN Information on management approach	Total	128-130
EN 1 Raw materials used	Total	139
EN 2 Percentage of materials coming from waste recycling operations	Partial	138-139
EN 3 Direct energy consumption by source	Total	137-138

GRI-G3 index (CONTINUED)

(follows)

	COVERAGE	PAGE
EN 4 Indirect energy consumption by source	Total	137-138
EN 5 Energy saving	Partial	136-137
EN 6 Initiatives to provide energy-efficient or renewable energy based products and services	Total	133-134; 140-142
EN 7 Initiatives to reduce indirect energy consumption and reductions achieved	Total	139-140
EN 8 Water consumption by source	Total	138
EN 11 Land owned, rented or managed in protected areas	NI	
EN 12 Description of greatest impacts on biodiversity	N/A	
EN 16 Greenhouse gas emissions	Total	138
EN 17 Other indirect greenhouse gas emissions	Total	139
EN 18 Initiatives to reduce greenhouse gas emissions	Total	132; 136-137; 139-140
EN 19 Emissions of substances harmful for the ozone layer	NI	
EN 20 Other atmospheric emissions	NI	
EN 21 Water discharges	N/A	
EN 22 Waste production and disposal methods	Partial	139
EN 23 Total number and volume of pollutant discharges	N/A	
EN 26 Initiatives to mitigate impacts of products and services	Total	132-142
EN 27 Reclaim rate of products sold	N/A	
EN 28 Fines and penalties for non compliance with environmental law and regulations	NI	
EN 29 Impact of transportation for the business and staff travel	Partial	139-140
SOCIAL PERFORMANCE		
DMA LA Information on management approach	Total	40. Integrity Charter
LA 1 Breakdown of staff by type, contract, and region	Total	42-43
LA 2 Turnover by age, gender, and region	NI	
LA 4 Degree of coverage of collective labor contracts	Total	60
LA 5 Minimum period of notice for operational changes	Total	60
LA 6 Percentage of total workforce represented in formal health and safety committees	Partial	57-58
LA 7 On-the-job accidents and illness	Partial	58
LA 8 Programs for management of serious diseases	Partial	58-59
LA 10 Staff training	Total	49
LA 11 Programs for skills management and lifelong learning	Partial	47-48; 50-51
LA 12 Employees receiving regular performance reviews	Total	44
LA 13 Breakdown of employees by gender and other diversity indicators	Total	31; 43; 46
LA 14 Ratio between salaries of men and women	NI	
HUMAN RIGHTS		
DMA HR Information on management approach		15; 55. Integrity Charter
HR 1 Operations with human-rights considerations	Partial	68-70
HR 2 Suppliers assessed as regards respect of human rights	NI	
HR 4 Cases of discrimination	Total	52
HR 5 Risks for right to freedom of association and collective bargaining	Total	55-56
HR 6 Risks for use of juvenile labor	Total	55
HR 7 Risks for use of forced labor	Total	55
IMPACTS ON SOCIETY		
DMA SO Information on management approach	Total	34-36; 100. Integrity Charter
SO 1 Management of impacts on community	Partial	66-70
SO 2 Analysis for risks related to corruption	Total	35
SO 3 Staff trained in the prevention of corruption	NI	
SO 4 Actions taken following cases of corruption	NI	

(follows)

	COVERAGE	PAGE
SO 5 Positions concerning public policy and lobbying	Partial	110-111; 131-132
SO 7 Legal actions for anti-competitive behavior	Total	35-36
SO 8 Sanctions for non-compliance with laws or regulations	Partial	35-36; 81-82; 124
PRODUCT LIABILITY		
DMA PR Information on management approach	Total	64-66; 71; 73; 76; 80; 82-83; 88
PR 1 Healthiness and safety of products and services	Total	88-92
PR 3 Information on products and services	Total	73-75
PR 4 Non-compliance with regulations concerning product and service information and labeling	Total	80-82
PR 5 Customer satisfaction	Total	83-87
PR 6 Laws, standards, and voluntary codes concerning marketing communications	Partial	73
PR 9 Sanctions for non-compliance with laws or regulations	Partial	80-82 Annual report 329-334

Report of the External Auditors



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI

Telefono 02 6763.1
Telefax 02 67632445
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors of the review on the sustainability report

To the Board of Directors of
UniCredit S.p.A.

- 1 We have carried out the review of the sustainability report of the UniCredit Group (the “group”) at 31 December 2007, prepared, as indicated in the “Report structure” paragraph, in compliance with the “Sustainability Reporting Guidelines” established in 2006 by GRI - Global Reporting Initiative. The preparation of the sustainability report based on the above mentioned guidelines is the responsibility of the parent’s directors. Our responsibility is to issue this report based on our review.
- 2 We have carried out our work in accordance with the criteria established for review engagements by “International Standards on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standard Board (IAASB), carrying out the following procedures:
 - verifying that the financial data and information included in “The Value distribution” paragraph of the sustainability report are consistent with those included in the group’s consolidated financial statements as at and for the year ended 31 December 2007, on which we have issued our opinion on 9 April 2008 with reference to art. 156 of Legislative Decree 24 February 1998, n. 58;
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management delegates of UniCredit S.p.A. and personnel of UniCredit Real Estate S.p.A., UniCredit Corporate Banking S.p.A., UniCredit Banca S.p.A., UniCredit Private Banking S.p.A, Pioneer Investment Management SGR.p.A., Bayerische Hypo-Und Vereinsbank A.G. (HVB), Domus Facility Management GmbH, Bank Austria Creditanstalt A.G., Bank Pekao S.A. e Zagrebačka banka d.d., to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and procedures used to gather, combine, process and transmit data and information of the various group companies to the office that prepares the sustainability report;
 - sample-based analysis of supporting documentation of data and information used in preparing the sustainability report to confirm the effectiveness of processes and their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information;

- analysing the completeness of the qualitative information included in the sustainability report and its consistency throughout;
 - verifying the stakeholders' involvement process, in terms of methods used and completeness of persons involved, and analysis of the minutes of the meetings or of any other information available, with regard to the salient features identified;
 - obtaining the representation letter signed by the legal representative of UniCredit S.p.A. on the compliance of the sustainability report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.
- 3 The sustainability report presents the prior year's figures and information for comparative purposes, in conformity with the guidelines and principles based on which the report has been prepared. With respect to the 2006 sustainability report, composed of the section "Human Resources and Corporate Social Responsibility" presented along with the group's "2006 Annual Report", reference should be made to our report dated 12 April 2007.
- 4 A review is less in scope than an audit performed in accordance with generally accepted auditing standards. As a consequence, we do not express an opinion on the sustainability report. Based on our review, we are not aware of any material modifications or integrations that should be made to the group's sustainability report at 31 December 2007, for it to be in conformity with the guidelines governing its preparation, referred to in the paragraph 1 of this report.
- 5 As indicated by the directors in the "Report Structure" paragraph of the sustainability report at 31 December 2007, the group intends to continue to extend the reporting scope of the sustainability report through further standardisation of the existing information and data gathering procedures.

Milan, 23 April 2008

KPMG S.p.A.

(Signed on the original)

Mario Corti
Director of Audit

Glossary of acronyms and credits

Glossary of acronyms	156
Credits	158

Glossary of acronyms

ASI - Advisory Satisfaction Index	HVB - HypoVereinsbank
ATM - Automatic Teller Machine	IEFE - Istituto di Economia e Politica dell'Energia e dell'Ambiente
ATO - <i>Ambito Territoriale Ottimale</i>	IFC - International Finance Corporation is a division of the World Bank
AUM - Assets Under Management	ISO 14001 - An international standard that specifies a process for controlling and improving a company's environmental performance.
BCM - Business Continuity Management	ISO - International Organization for Standardization
BCP - Business Continuity Planning	IT - Information Technology
BenE Munich - <i>Bildung für eine Nachhaltige Entwicklung</i>	KORI - Key Operational Risk Indicators
BoD - Board of Directors	KPI - Key Performance Indicators
BSC - Telephone Business Service Centers	kWh p.a. - Kilowatt-Hours per annum
CABERNET Project - Concerted Action on Brownfield and Economic Regeneration Network	LED - Light Emitting Diode
CAPI - Computer Assisted Personal Interviews	LPG - Liquid Petroleum Gas
CATI - Computer Assisted Telephone Interviewing	M&A - Mergers and Acquisitions
CDLI - Climate Disclosure Leadership Index	MAMbo - Museo d'Arte Moderna di Bologna
CDP - Carbon Disclosure Project	MAXXI - Museo Nazionale delle Arti Del XXI Secolo, National Museum for 21 st Century Art in Rome
CEE - Central and Eastern Europe	MIB - Markets and Investment Banking
Censis - <i>Centro Studi Investimenti Sociali</i>	MiFID - Markets in Financial Instruments Directive
CEO - Chief Executive Officer	NGO - Non-Governmental Organization
CER - Certified Emission Reductions	OECD - Organization for Economic Cooperation and Development
CFO - Chief Financial Officer	ÖGUT - Austrian Society for Environment and Technology
CO ₂ - Carbon Dioxide	OSI - Overall Satisfaction Index
CRM - Customer Relationship Management	OTC - Over-The-Counter
CSA - Customer Satisfaction Index	ÖVA - Society for the Management of Contaminated Sites
CSR - Corporate Social Responsibility	PC - Personal Computer
CST - Customer Service Teams	PFA - Personal Financial Advisor
DJSI - Dow Jones Sustainability Index	PIN - Personal Identification Number
ECF - Elemental Chlorine-Free Standard	POS - Point of Sale
ECI - Employee Community Involvement	SME - Small and Medium Enterprise
EHS - Environmental Health and Safety	SMS - Short Messaging Service
EIB - European Investment Bank	SRI - Socially Responsible Investment
EMAS - Eco-Management and Audit Scheme	TCF - Total Chlorine Free
EMS - Environmental Management System	TC - Technical Center
EnEV - German Energy Saving Ordinance	TSR - Total Shareholder Return
EP - Equator Principles	UCG - UniCredit Group
EPFI - Equator Principal Financial Institutions	UN - United Nations
ESI - Ethibel Sustainability Indexes	UNEP-FI - United Nations Environment Programme Finance Initiative
EU - European Union	UPB - UniCredit Private Banking
EUA - European Union Allowances	VIA - Project Virtualization in Austria
EVA - Economic Value Added	VVB - Vereinsbank Viktoria Bausparkasse
FSC - Forest Stewardship Council	WBCSD - The World Business Council for Sustainable Development
FT - The <i>Financial Times</i>	WEM - Wealth Management
FTSE - FTSE Group, provider of financial indexes and data services	WOL - Wake on LAN
GHG - Greenhouse Gas	WRI - The World Resources Institute
GJ - Giga-Joule	WWF - World Wildlife Fund
GRI-G3 - Third edition of the Global Reporting Initiative Guidelines	YKB - Yapı ve Kredi Bankası A.Ş.
GSA - Global Sourcing Area	
GWh - Gigawatt-Hours	
HR - Human Resources	

Credits

Cover

Public painting project: Rosa, rosae, rosae, rosam, rosa
Turin, 10 June 2007

The re-opening of the Gardens of the Reggia di Venaria Reale was celebrated in grand style by the Education Department of the Castello di Rivoli's Museum of Contemporary Art - a partner museum of Unicredit Group.

Enormous, vivid flowers and glowing spreads of color are skillfully woven together to produce a large collaborative work of art, almost as big as a whole meadow of wildflowers. The superb rosebushes of the garden itself lend their own magic to the occasion. The feast of color gives all those present the sense of participating in a powerful shared dialogue with the elements of nature.

Page 2

The Third Paradise (Il Terzo Paradiso)

In the towns of Pesaro and San Leo (Pesaro-Urbino), the Castello di Rivoli and Cittadellarte Fondazione Pistoletto collaborated on an innovative artistic happening, appealing to children and adults alike. The goal was to generate a dialogue about art as an engine for social transformation, about the difference between nature and artifice, and about respect for our natural and urban environment.

The symbolic form of artist Michelangelo Pistoletto's *Third Paradise* was created from recycled aluminum cable, contributed by CIAL (the National Consortium for Aluminum Recycling).

Page 4

Public painting project: Skyline

Multiple European cities

These large events, organized with the Education Department of the Castello di Rivoli's Museum of Contemporary Art, are open to one and all, and the painting becomes a catalyst for a celebration. A long stretch of paint and a stunning skyline furnished here by the historical buildings and monuments of the city of Turin - all spread out on a single grassy plane. Children and adults together are seduced by the magic of pure colors and by the lively architectural backdrop. A bright world of creativity, encouraging a civic sense of belonging, the rights of young and old to their own cultural heritage.

Page 18

Two Years Together - Davide Bramante and Unicredit Group colleagues

This piece was created using an unusual technique distinctive to Davide Bramante's work. A multitude of visions and perspectives are overlapped and superimposed to create an alternative reality.

For this artwork the individual pictures were taken by UniCredit Group colleagues to commemorate the second anniversary of the integration with HVB. The greater effect is an expression of the value of differences.

Pages 26, 36, 133

Abi-Tanti (Inhabitants)

The moving crowd began its long journey in Turin in 2000 and has continuously shifted and expanded. Thousands of families and artists of every stripe have participated in the creation of the Abi-Tanti in multiple locations both in Italy and abroad, in the context of festivals, exhibitions, and educational and cultural events.

The "moving crowd" began as a workshop game, assembling a variety of materials to express concepts of identity and difference, encounters with "the other," the archetypal stranger, the foreigner, the unknown inhabitants of another world.

More than 10,000 children were involved in this event in the Piazza del Plebiscito, Naples. They joined in a workshop for the creation of thousands of Abi-Tanti. These have been added to the 5,000 already on the move, which are displayed here in a kind of pacific invasion of the famous piazza.

Page 38

Social project: Second Steps

Hypohaus Ost Hall - Munich

One step at a time: More than 500 UniCredit Group apprentices met for the "Second Steps" project in Munich. The participants responded to questions about their work experiences. But the big gathering also supported a good social cause. Hundreds of toys and other small gifts - along with the sender's photo and a short CV - found their way into boxes, which were stacked sky-high by the assemblage and were then left to adorn the main hall in Hypohaus Ost for a few days. Soon the gifts were forwarded to the international SOS holiday village in Caldonazzo, northern Italy, where children from SOS children's villages spend their summer holidays each year.

Pages 46 - 58

C4 - Palladian Villa for contemporary training

In this image, UniCredit Group managers are participating in a workshop on leadership themes in the C4 Centre - the Contemporary Cultural Center of Caldogn, initiated by the Regione del Veneto in cooperation with Unicredit Group and the Peggy Guggenheim Collection and School.

C4's goal is to use the language art as a tool to develop the professional skills of creativity, innovation and communication. The center offers training to a wide variety of professionals groups - university students, professors, public administrators and entrepreneurs.

Page 51

UniCredit Group colleagues on a group visit

Photographer Thomas Struth
Museo del Prado, Madrid, 2005
©2008 Thomas Struth

The artwork of the famous German photographer, published in the Prado's 2007 catalogue of exhibitions, captures a group of Unicredit colleagues visiting the museum.

Pages 62 - 104

Art installation: Pallemondo

Paris, 2 June 2007

The Place Beaubourg, bustling with youngsters and their parents, was invaded by gigantic spheres saturated with brightly colored, oversize objects. Everyday items take on a different aspect with changes in size and color and their composition from unexpected materials, like sponges or cardboard. The great spheres become phantasmagorical worlds through a dynamic and transitory process. These assemblages evoke the energy of a global festival - FIART - the International Festival of Art for the Young, linked to the 30th anniversary celebrations of the Pompidou Centre in Paris.

Page 67

Artworks from the collection: Julian Opie

HypoVereinsbank Kunst palais - Munich
Interior of the headquarters, where part of the bank's collection is on display

Pages 68-78

Artworks of Gerhard Richter, from the HypoVereinsbank collection
Exhibition at the Kunst palais - Prannerstrasse, 2 - Munich

Page 72

Art exhibition: "Eros in Modern Art"

Kunst Forum - Vienna, 1 March to 22 July 2007

Page 75

Artworks from the collection: Katharina Grosse

Interior of the headquarters, where part of the bank's collection is on display
HypoVereinsbank Kunst palais - Munich

Page 81

Project: Europe in Art

Image from the opening speech
National Museum of Contemporary Art - Romania, 2005

Pages 86-98

Art installation: Art in the Square - Red, yellow, blue
Bologna, 23 September 2007

During the fair of the Libro d'Arte (art book), three primary colors join to tell a story. Coming together for the first time, the three Italian museums with the strongest educational departments, the Castello di Rivoli, MART of Rovereto and MAMBo of Bologna - all partners in the UniCredit and Art program - collaborated on this event.

Over 3500 people were involved in the creation of a book as big as a labyrinth, where visitors can immerse themselves in a multisensory experience. Pages assume the dimensions of people, and, when lined up, they offer up clues and ideas for an endless array of stories. A variety of materials and a diversity of approaches, suggesting a voyage to be experienced with every nerve, to be felt with every sense. A place, real and fantastic at the same time, to travel through, observe and touch.

Page 89

Europeankonzert

Performance by the Filarmonica della Scala, director Daniele Gatti
Mendelssohn's Symphony No. 4 and Mahler's Symphony No. 1
Prinzregententheater, Prinzregentenplatz 12 - Munich, 29 October

Page 94

Art exhibition: New Landscape

Detail from Francesco Candeloro's "Occhi" - nine pieces of varying size (2004)

UniCredit Group collection
HVB Headquarters - Munich, January 2007

Page 106

Art festival: UniCredit represents Italy at the International Photography Fair

Paris, 14-18 November 2007

The program was executed in cooperation with the Ministries of Foreign Affairs and Cultural Affairs.

Page 110

Family Portrait

The theme of family has been central to many exuberant public events organized by the Education Department of the Castello di Rivoli, with an emphasis on reshaping the image of new families and new social fabrics in a world that constantly grows more varied and multicultural.

Page 116

Burkina Faso

One of the many ventures organized by women's cooperatives funded by Unidea through the microcredit component of the An Ka Here Sso Project in Burkina Faso.

Page 120

Public workshop: Contemporary Geography

In the very cradle of the Italian Renaissance, the Palazzo Vecchio in Florence, children and their parents participated in a workshop on contemporary geographies, engaging in a lively and provocative exercise to place aspects of contemporary culture into a historical context and to examine the ways in which history is constantly present in our own time. The project was realized by the Education Department of the Castello di Rivoli in cooperation with the Association of Children's Museums of Florence, Museo dei Ragazzi di Palazzo Vecchio.

Page 126

Public painting project: From flower to flower (Di fiore in fiore)

Huge pop art flowers and polychromatic works built up from a pallet of brilliant colors, all coming together to form a great collective work, wide as a meadow and intense as a rainbow from another world. Adults and children, seduced by the magic of shapes and colors, are the protagonists of this outdoor happening - a communal experience and a vivid dialogue between nature and art.

Page 130

Public sculpture project: ReMida's cloak (Il mantello di ReMida)

Turning trash into treasure: steel mesh and rags are turned by ReMida's magical touch into a glowing blue and gold tapestry. The rows of warps and wefts tell the story of a famous pictorial tradition.

Pages 136, 141

In the dark

For the tenth anniversary of the Festaletteratura of Mantua, the museum organized a series of evocative workshops on the theme of light, resulting in a powerful cross-pollination between literature and the visual arts. Every activity introduced light waves into the plots of noir stories developed by four guest novelists. Design and writing, nature and art, brought together in a workshop created to allow its participants to live the experience of light.

Making use of silkscreen techniques, Andy Warhol-style, participants created stylized lamp-shaped serigraphs, the striking emblem of electric energy.

This Sustainability Report has been made available at www.unicreditgroup.eu, or you may request a copy from:

UniCredit Group - *Corporate Social Responsibility*
Via Durini, 9 - 20122 Milan, Italy

fax: +39.02.88620051
e-mail address: csr@unicreditgroup.eu

At UniCredit Group we are aware that our business activities have an impact on the environment,
and we always factor environmental sustainability into our strategic decisions.

In 2008 the greenhouse gas emissions associated with the paper used for the publication of 2007 Annual Report and Sustainability Report
have been offset by a contribution to a biomass-fueled district heating plant in Italy.

The offsets for the 2007 Annual Report and Sustainability Report were executed in association with AzzeroCO₂.



Pictures

Cover and sorter pages

Courtesy Education Department of the Castello di Rivoli Contemporary Art Museum

Top Managers

Courtesy Ferruccio Torboli (UniCredit Group)

Graphic development and Composition:

Mercurio S.r.l. Studi di promozione pubblicitaria - Milan

Printed: Grafiche Milani SpA (Segrate)

April 2008

