



Accountable for . . .
Accountable to . . .

UniCredito Italiano
Italian Joint Stock Company
Registered office: Genoa, Via Dante, 1
General management: Milan, Piazza Cordusio
Registered in Genoa Trade and Companies Register
(Court of Genoa)
Tax Code and VAT Reg. No. 00348170101
Entered in the Register of Banks and
Parent Company of the UniCredito Italiano
Banking Group
Banking Group Register No. 3135.1
Member of the Interbank
Deposit Protection Fund
Capital stock: €3,169,025,381.50 fully paid in

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Letter from the Chairman and the Managing Director

This is our fifth Social and Environmental Report: the time has perhaps come to 'report on the report', in other words, to ask ourselves how we have used this important tool for measuring, managing and communicating the impact of our activities on all the stakeholders – our employees, customers, suppliers, institutions and local communities – with whom the Group interacts every day.

2004 was a year with two aspects: on the one hand, we achieved the best results in our history; on the other, we expended a great deal of energy in initiating new organisational and commercial strategies, in increasing the specialisation of our structures and in matching our services ever more closely to the needs of the various customer segments. But in doing all this, we never lost sight of the two main priorities identified in our business model: employees and customers.



Carlo Salvatori

In an uncertain economic climate, events such as the Argentina, Parmalat and Cirio bond defaults have triggered a real crisis of confidence among investors and pointed up the need for new rules and new protection and guarantee mechanisms. But for these to be effective, it is essential that they are anchored in a strong and transparent system of shared values. This objective forcefully confronts financial intermediaries with the problem of the importance of all our employees' day-to-day behaviour – in this area we are strongly committed to restructuring the tools we use and the ways in which we conduct our relationships.

We firmly believe that trust is won only on the ground, and that only on the ground is it possible to show that our objectives and our results are consistent, since a business is part of the market only to the extent that it has the reputation to keep it there. We have always striven in good faith to do business correctly, but we have also shown our readiness to acknowledge any mistakes and accept responsibility for them. We have proved this by setting up an independent commission to evaluate the position of Cirio bondholders among our customers and by consulting directly with a consumer association in order to find out how best to rewrite our agreements, in order to make them clearer and more transparent.

In this spirit we have written our Integrity Charter, setting out the guiding principles which must inspire our work and help our people to govern their professional conduct at times of conflict between individual culture and business logic. The Charter is the fruit of a year-long process involving formal and informal meetings and discussions, which contributed to very positive cultural growth at all levels of our organisation, from the top down.

Our aspiration is to do our job well and conscientiously, and at the same time to successfully manage this business, which is an asset to the community.

For this reason, increasing importance is attached to the sustainability of our results, which we believe can be guaranteed in two ways: by ensuring the maximum entrepreneurial freedom for those who work with us and by paying constant attention to the quality of relations with every one of our interlocutors. The necessary quality cannot be achieved without the collaboration of professionally competent, highly-motivated people, who believe in a coherent value system and put those values into practice in their everyday tasks.

In order to ensure the survival of this project, the search for profit alone is not enough, particularly if we take a long-term view. We are convinced that profit creation must also be supported by professional integrity able to translate profit into value for our people, our customers and our investors, as well as the local communities which have relations with UniCredit. In other words, our aim is to identify ourselves more and more not just as a profit-making business, but also as a socially responsible business.

Faced with these important issues, a company report – which is also a report on the identity of a company – must serve as the principal management tool for understanding what has been done, how it has been done, and with whom. To answer this need, we have created an information system (tableau de bord) to enable regular monitoring of specific indicators, in order to associate business strategy with the creation of value for all our stakeholders. But it should also be a stimulus and starting-point for reflection both for ourselves and for others.



Alessandro Profumo

A handwritten signature in black ink, appearing to read 'Carlo Salvatori'.

Carlo Salvatori
Chairman

A handwritten signature in black ink, appearing to read 'Alessandro Profumo'.

Alessandro Profumo
Managing Director/CEO

How this Report is Organised

The 2004 Social and Environmental Report has changed its appearance and content with respect to previous editions. Our aim is to offer a reporting model which brings together our corporate strategy and the activities carried out or planned during the course of the year with regard to all our stakeholders: employees, customers, investors and local communities.

This effort was born from the need to communicate coherently our vision of the concept of corporate social responsibility, which for us essentially translates into the principle of “doing one’s job well” and “taking responsibility for one’s actions”.

The Report is therefore structured according to the following principles:

- The reporting of our activities and initiatives is designed to increase all involved parties’ level of satisfaction and should be organised using the key strategic guidelines set out in the Group’s Business Plan, i.e., “improving customer service” and “increasing organisational efficiency and effectiveness”. This gives the reader the best tools to understand what has been done – by identifying various lines of action (e.g. focusing on the efficiency of the service delivered, developing products appropriate to the diverse customer needs, or creating involvement within the Group) – and why, by explaining the strategic guidelines in detail.
- Reporting should be accompanied by service quality indicators, thus avoiding merely listing of the activities carried out by UniCredit¹: the various activities carried out during the year are described and data and indicators are supplied to support qualitative information. The data and indicators have been developed partly with the assistance of a *tableau de bord*, which, within a single, periodically updated structure, aggregates, organises and analyses the key information obtained from various divisions and/or operating companies of the Group².
- Under the new approach, the connection between the initiatives undertaken and the economic value of UniCredit should be explained. In other words, we attempt to quantify the extent to which our strategies, affecting our stakeholders in various ways, contribute towards the realisation of the corporate project, creating trust in the markets and in society.

¹ Unless otherwise specified, the information provided in this report relates to the entire Group.

² The data and information contained in the *tableau de bord* are consistent with various reference principles, both international (Global Reporting Initiative guidelines) and national (ABI guidelines), and in particular with the indicators defined by the “CSR-SC” project promoted by the Ministry of Labour and Social Policies.

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IMPROVING CUSTOMER SERVICE	service efficiency	Quality control	24
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		Patti chiari [minimum standards for customer service, agreed by all Italian banks]	35
		Mymoney [investors' newsletter]	35
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		Listening to customers	37
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		District bonds	39
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INCREASING ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS	rationalisation of processes	Specialisation of our organisational model	52
		Rationalisation of staff	53
		Job Posting	54
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		Environmental consumption	55
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		Responsible management of relations with suppliers	57
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	listening to our People and discussion within the organisation	Climate survey	59
		Ceo's mailbox	60
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		Relations with unions	61
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		Corporate Governance	63
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		Training initiatives and projects	67
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		Robbery and theft	74
		Initiatives to help balance work and family life	75

Table of Indicators

This table shows all the key information which we believe should be included in a social and environmental report, and thus serves a double purpose:

1. It makes it possible to monitor our progress towards a consolidated reporting practice year by year, since it shows the degree of coverage for each item.
- 2) It shows all the data and information contained in our Annual Reports and Accounts, indicating where in the document the various subjects are considered in greater detail.

Legend	●	subject covered completely	○	no information in this Report
	▸	subject covered in part	QL	qualitative information
			QN	quantitative information

	subject	information or data	2003		2004		trend	notes	page
			type	coverage	coverage	type			
GENERAL SUBJECTS	Vision and Strategy	Letter from the Chairman and the CEO	QL	●	●	QL	=		4
		Mission Statement	QL	●	●	QL	=		13
		Values	QL	●	●	QL	+	See the UniCredit website	
		CSR Strategy	QL	●	●	QL	+		18
		CSR Policies	QL	▸	●	QL	+		18
		Social Responsibility Organisation		○	○				
	Group Profile	History	QL	●	●	QL	=		12
		Organisational Model	QL	●	●	QL	=		14
		Directors and Statutory Auditors	QL	●	●	QL	=		102
		Branch Networks, Subsidiaries and Offices in Italy and Abroad	QL	●	●	QL	=		17
	Corporate Governance	Corporate Bodies' Membership and Workings	QL	●	●	QL	-	See the UniCredit website	
		Powers delegated to Directors	QL	●	●	QL	=	See the UniCredit website	
		The Integrity Charter		○	●	QL	+		109
		Directors' offices, held in other companies			●	QL/QN	+		96
		How CG has evolved			○	-			
		Company Capital by type of share and type of shareholder	QN	●	●	QN	=		93
	Additional Information	Compliance			▸	QL	+		101
		Contacts	QL	●	●	QL	=		130
		How the Report is organised	QL	●	●	QL	=		6
		Reference Standards	QL	●	●	QL	=		6
ENVIRONMENTAL ISSUES	Management	Policy	QL	●	●	QL	=		121
		Methods	QL	▸				See footnote on page 55	
		Environmental Audits	QN	▸				See footnote on page 55	
	Direct Issues	Energy Consumption	QN	▸	▸	QN	+		55
		Water Consumption	QN	▸			-	See footnote on page 55	
		Refuse produced	QN	▸	▸	QN	+		56
		Materials Consumed	QN	▸	▸	QN	+		56
		CO ₂ Emissions	QN	▸	○		-	See footnote on page 55	
		Mobility Management Policy		○	○				
	Indirect Issues	Credit Policy	QL	●	●	QL	=		32
		Credit Risk	QL	▸	▸	QL	=		33
		Financial Services and Products	QL	▸	▸	QL	=		33
		Raising Suppliers' Awareness	QL	▸	▸	QL	=		56
		Selection of Suppliers	QL-QN	▸	▸	QL-QN	=		57
	Training	Training Programmes	QL	▸				See footnote on page 55	
		Hours of Training						See footnote on page 55	
FINANCIAL INFORMATION	Profit and Loss and Balance Sheet Data	Balance Sheet/Statement of Financial Condition	QN	●	●	QN	=		82
		Profit and Loss Account/Income Statement	QN	●	●	QN	=		83
		Apportionment of Value Added	QN	●	●	QN	=		80
		Annual Compound Revenue Growth	QN	●	○		-		
		Cost/Income Ratio to 2006	QN	●	○		-		
		Return on Equity	QN	●	○		-		
	Financial Information	Market Capitalisation	QN	●	●	QN	=		86
		Value Creation	QL-QN	●	●	QL-QN	=		87
		Risk Remuneration	QL-QN	●	●	QL-QN	=		87

subject	information or data	2003		2004		trend	notes	page
		type	coverage	coverage	type			
EMPLOYEES								
Main Figures	Staff Numbers	QN	●	●	QN	=		16
	Breakdown by grade and gender	QN	●	●	QN	=		16
	Working Locations	QN	●	●	QN	=		17
	Educational Level	QN	●	●	QN	=		66
	Breakdown by Age-group	QN	●	●	QN	=		16
	Staff Turnover	QN	○	●	QN	+		64
	New Hires - Decreases	QN	▮	▮	QN	=		64
	Staff Contracts (part and full time)	QL	●	●	QL	=		76
Staff Relations	Staff Satisfaction		○	●	QL-QN	+		59
	Assessment, compensation and incentive schemes	QL-QN	▮	▮	QL-QN	=		65-70
	Incentives relating to social responsibility		○	●	QL-QN	+		70
Training	Hours of Training	QN	●	●	QN	=		66
	Training Programmes and Projects	QL	●	●	QL	=		67
Equal Opportunity	Ratio of Male and Female Employees	QN	●	●	QN	=		16
	Breakdown of Senior Management	QN	●	●	QN	=		16
	Protected Categories	QN	▮	▮	QN	=		16
Industrial Relations	Staff Unionisation	QN	▮	▮	QN	=		62
	Information, consultation and negotiation policies and procedures		○	○				
	Staff Disputes		○	○				
Health and Safety	Security Management	QL	●	●	QL	=		74
	Accidents at Work (statistic)	QN	●	●	QN	=		74
Security: Internal Communication and Staff Involvement	Internal Communication Methods	QL/QN	▮	▮	QL/QN	=		60-61
	Actions	QL/QN	▮	▮	QL/QN	=		61
	Activities	QL	▮	▮	QL	=		75
	Robberies	QN	▮	▮	QN	=		75
The Work/Family Balance	Part time vs. full time	QN	●	●	QN	=		76
	Day Nurseries and other initiatives	QL/QN	●	●	QL/QN	+		75
	Leave of Absence			▮	QL/QN	+		76
	Staff Loans	QL	▮	▮	QL	=		77
THE COMMUNITY								
Intervention Policies	Guide-lines for the assessment of social impact		○	○				
Donations	Amount	QN	●	●	QN	=		85
Campaigns	Group	QL-QN	●	○		-		
	Unidea Foundation	QL-QN	●	●	QL-QN	=		117
Relations with the local area	Geographical Areas	QL	●	●	QL	=		42
	Management Methods	QL	●	●	QL	=		41
	Activities	QL-QN	●	●	QL-QN	=		41
	Representatives Involved	QL	●	●	QL	=		42
Value Added	Calculation and Apportionment	QN	●	●	QN	=		81
CUSTOMERS								
Main Figures	Customer Numbers		○	○				
	Customer Numbers by Division		○	○				
	Internet banking customers		○	▮	QN	+		31
	Geographical Distribution		○	○				
Sales Channels	Type			▮	QL/QN	+		30
	Accessibility			▮	QL	+		30
Relations with Customers	Customer Satisfaction	QN	▮	●	QN	+		38
	Customers interviewed	QN	▮	●	QN	=		37
	Complaints Management	QL	▮	▮	QL	=		24
	Complaints received (number)	QN	▮	▮	QN	=		24
	Complaints received (by type)	QL	▮	▮	QL	=		24
	Total amount of compensation paid	QN	▮	▮	QN	=		25
	Credit and Lending Policies	QL	▮	▮	QL	=		32
Policy and Products: Responsible Finance	Products for Different Customer Categories	QL/QN	▮	▮	QL/QN	=		39-41
External Communication	Tools and Types		○	○				
Security	Data Protection	QL	▮	▮	QL	=		25
	Fraud Prevention			▮	QL/QN	+		25
	Business Continuity			●	QL	+		57
INVESTORS								
Information on Capital	Capital analysed by type of share and investor, and geographical origin	QN	●	●	QN	=		93
Risk Remuneration	Share Performance	QN	●	●	QN	=		86
	Risk Element (Share)	QN	●	●	QN	=		87
Financial	Types	QL	●	●	QL	=		38
Communication	Number	QN	●	●	QN	=		38
SUPPLIERS								
Main Figures	Categories		○	○				
	Number		○	○				
Supplier Relations	Satisfaction		○	○				
Responsible Mngement:	Selection policies	QL	▮	▮	QL	=		57
Supplier Selection	Number selected	QN	▮	▮	QN	=		57
	Number rejected			▮	QN	+		57

Mission born of Identity

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UniCredit in Brief

Formed in 1998 out of the merger of Credito Italiano and Rolo Banca 1473 with Cariverona, Cassa di Risparmio di Torino and Cassamarca, in 1999 the Group also added Cassa di Risparmio di Trento e Rovereto and Cassa di Risparmio di Trieste.

In 1999 UniCredit began building a network of subsidiaries in the countries of central and eastern Europe, now known as New Europe. Today the Group is present in Poland, Croatia, Bulgaria, the Slovak Republic, Romania, the Czech Republic and Turkey.

In 2000, Pioneer of Boston was acquired by the UniCredit Group and Pioneer Global Asset Management was created as the sub-holding of all the Group's asset management companies.

The end of 2001 saw the launch of the 'S3 Project' involving the structural and functional reorganisation of the Group's seven Italian banks according to a business model which would lead, early in 2001, to the incorporation of three new banks dedicated to a specific customer segment: UniCredit Banca, UniCredit Banca d'Impresa and UniCredit Private Banking.

Today, UniCredito Italiano is the leading western banking group in central and eastern Europe, and is organised as follows:

- In Italy we have three banks, each specialising in a different market segment and with a presence throughout Italy: UniCredit Banca (UCB), UniCredit Private Banking (UPB) and UniCredit Banca d'Impresa (UBI).
- We are active in investment banking with UniCredit Banca Mobiliare (UBM) and in asset management with Pioneer Investments, and has two multi-channel banks: UniCredit Xelion Banca, specialising in investment management with a network of financial promoters, and UniCredit Clarima Banca, specialising in payment products and services and consumer finance.
- We also have a number of product companies offering a wide range of services and products including asset management, bancassurance, loans, leasing, factoring, construction of virtual markets for businesses, and the management of more sophisticated financial risks such as interest and exchange rate risks.

Significant events since the close of the 2004 accounting year

In January 2005, with the aim of rationalising the activities of two subsidiaries - Banca dell'Umbria and Cassa di Risparmio di Carpi - in line with the Group's customer segment specialisation business model, the Parent Company's Board of Directors approved a reorganisation plan for these banks, which provides for their merger by incorporation into UniCredito Italiano and the subsequent split-off of activities (viz. retail, private, corporate and property) into other Group companies according to their respective business profiles.

Our Mission

In the kind of business we are, and in our behaviour, we adhere to shared principles, a distinct set of values, in order to fulfil our mission and assert our identity.

We are - and will continue to grow as - one of Europe's leading financial groups. Our outlook is entrepreneurial. However, we are also close to our geographical roots. We intend to create a new way of banking, capable of generating value over time for:

Our Employees

We provide for their professional growth, encouraging them to acquire and develop new skills. We aim to be the ideal business for capable, motivated people.

Our Customers

We are on course for excellence, thanks to our ability to stay close to our customers and build with them a lasting relationship based on quality, mutual trust, expertise and transparency.

Our Shareholders

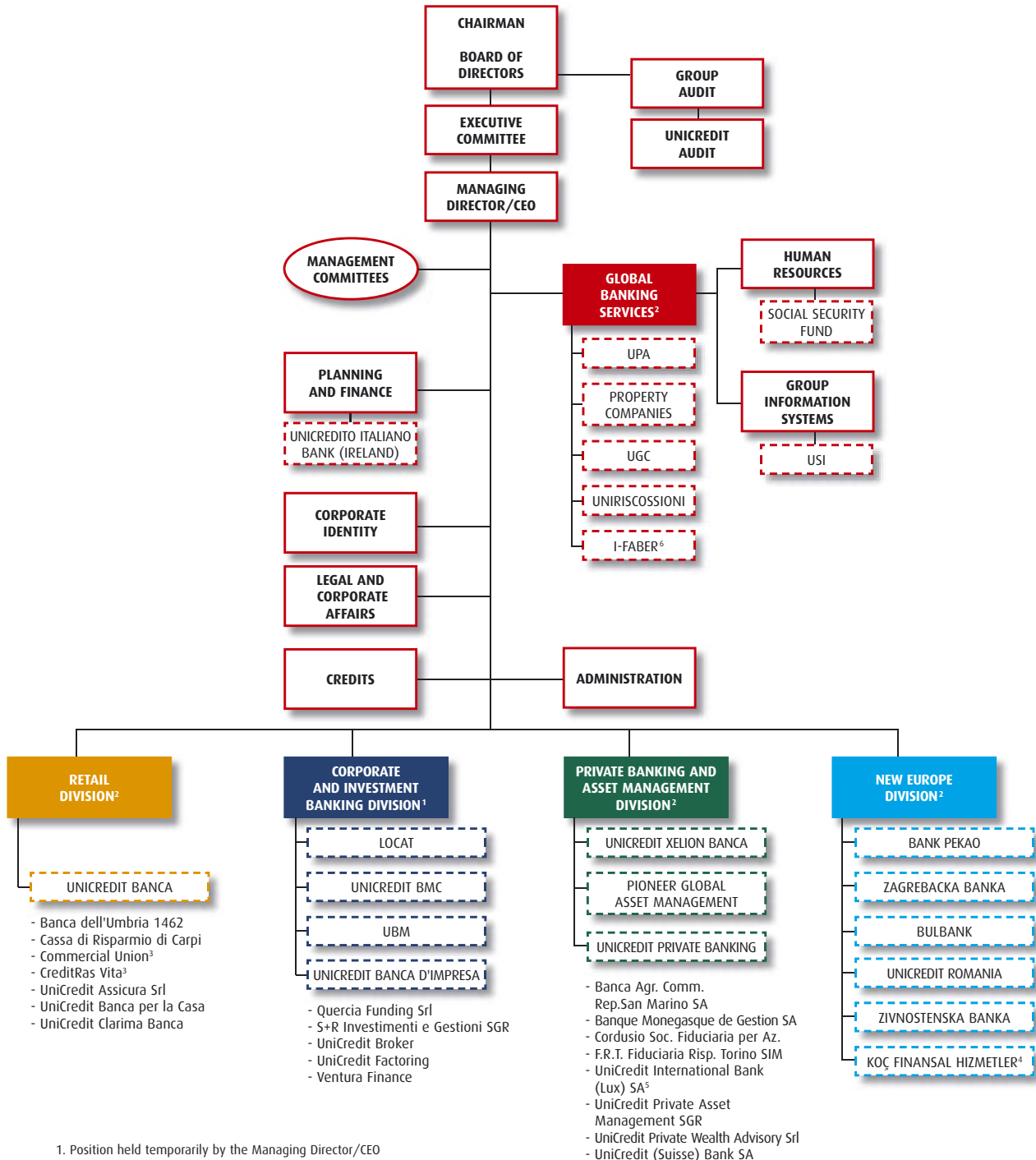
We want our shareholders to be satisfied with our results and proud of the distinctive way in which we manage to achieve them. We must place constant emphasis on leadership in terms of profitability and growth, as the reward for quality, efficiency, entrepreneurial spirit and compliance with a clear-cut and shared ethical code.

Local Communities

We are an active corporate citizen. Wherever the Group operates it promotes sustainable economic and social growth. We accept our corporate social responsibility as a characteristic feature of our way of doing business. We are aware that we have an important role to play within society and the local communities where we operate.

Organisation and Strategy

Central management structure - Organisation Chart



1. Position held temporarily by the Managing Director/CEO

2. Position held by a Group Deputy General Manager

3. Insurance partnerships in which UniCredit Banca does not have a controlling interest.

4. Owned jointly with the Koç Holding Group, Turkey.

5. Functional co-ordination of UniCredit International Bank (Luxembourg) SA, a subsidiary of UniCredit, is assigned to UniCredit Private Banking.

6. Functional co-ordination of I-Faber, a subsidiary of UniCredit Banca d'Impresa, is assigned directly to the Global Banking Services Division of UniCredit.

Strategic lines

Retail Division

This Division aims to consolidate its role as the banking partner of choice for families and small businesses by offering high-quality services and by developing close personal relationships with customers. We pay close attention to specific local circumstances. The Division's strategy centres on a strong focus on customers and greater efficiency in terms of costs. To complete the strategy, the Division will continue to act on two equally important fronts: significant investment in its employees and the satisfaction of its customers.

Corporate and Investment Banking Division

The Division's initiatives are designed to offer wide-ranging assistance to the national economy, while paying unwavering attention to credit risk. The Division's strategy is to develop generous, selective and high-quality credit as the basis for the distribution of financial and payment services also of high quality.

Private Banking and Asset Management Division

The Division's strategic plan provides for a new integrated and efficient business model which will express the value of research and advice. As regards asset management (Pioneer), the restyling centralises investment activities and advisory skills, while, in relation to asset gathering (UniCredit Private Banking and UniCredit Xelion Banca), it focuses on the delivery of advisory services and the distribution of products by improving the efficiency and effectiveness of our sales networks.

New Europe Division

During 2004 the Division further strengthened its position in New Europe, confirming its objective of becoming the leading banking group in a region – regarded as our 'second domestic market' – of significant size (over 174 million inhabitants) and with better growth prospects than the EU. UniCredit's strategy is to acquire banks with significant market share and strong potential at reasonable cost and to provide them with the guidance and support of the Group. This strategy also makes it possible to benefit both from macro-economic trends of strong growth and a progressive stabilisation and reduction of risk, owing to the process of convergence and entry into the EU.

Global Banking Services Division

The Division's strategy is aimed at optimising Group costs through the co-ordination of the main areas of human resources management and proper control of all cost centres, in order to provide further structured improvements in the efficiency and effectiveness of the Group. More specifically, the Division aims to manage in a co-ordinated fashion all inter-departmental processes, encouraging the business divisions to assess possible areas for optimisation of the use of human resources and further improving the excellence of production centres within the group by redesigning key processes and rationalising overall costs. The activity of the Division is thus focused on organisational processes, on centralised information and production systems and on the interaction between processes, information systems and human resources.

2004-2007 Business Plan

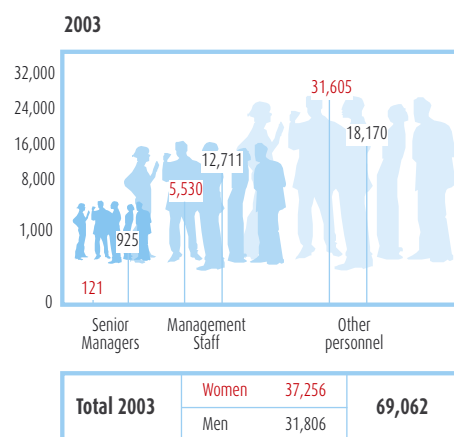
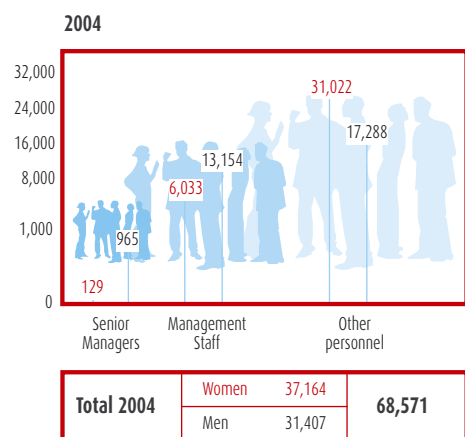
On 26 October 2004, the Parent Company's Board of Directors approved the '2004-2007 Business Plan,' which outlines a project for the reorganisation of the Group. One of the objectives set by this plan is to further improve, in a systematic manner, the efficiency of the Group by redesigning key processes which *inter alia* will optimise the size of the Group's workforce.

On 19 November 2004, together with the Group's Unions, a start was made on the procedure provided for by Article 18 of the National Collective Labour Agreement dated 11 July 1999, which was concluded with the Union Agreements signed on 11 February 2005. Following approval of the Business Plan, the company started implementing the relevant operational measures, including setting the number and the overall cost to be incurred in relation to those employees who agree to accept the terms set out in the Plan and voluntarily resign.

Our People

The Group is a 'team' of almost 70,000 people, over 27,000 of whom are in New Europe.

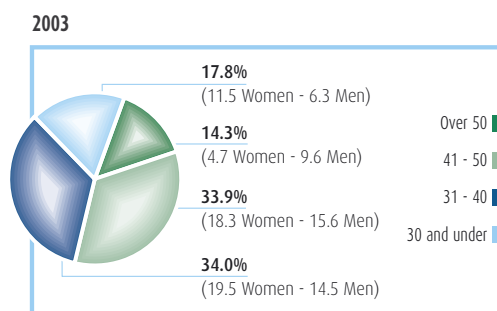
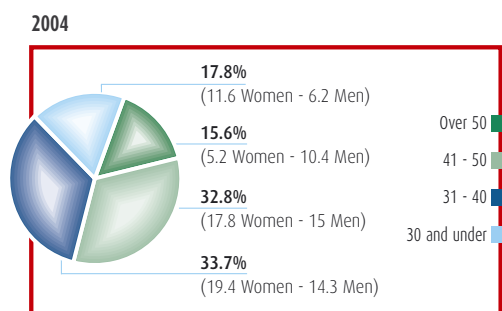
Breakdown of employees by grade and gender



Italian employees belonging to protected categories as defined by Law 68/99

	2004
Disabled	1,654
Orphans, widows, refugees	1,085
Total	2,739

Breakdown of employees by age



Where We Operate

UniCredit has 4,442 branches, 5 foreign branches and 9 representative offices, and operates in Italy, Europe and the rest of the world. The table below gives the structural details of each Division, listing their Principal Companies, of the Parent Company and in summary form of the Group.

Overall

2004	No. of branches	Percent. of total	No. of employees
RETAIL DIVISION			
UniCredit Banca	2,591	58.3 %	24,413
Banca dell'Umbria	89	2.0 %	777
Cassa di Risparmio di Carpi	38	0.9 %	311
UniCredit Banca per la Casa	15	0.3 %	336
UniCredit Clarima Banca	9	0.2 %	299
Total	2,742		25,136
Total at 2003	2,898		25,468
CORPORATE AND INVESTMENT BANKING DIVISION			
UniCredit Banca d'Impresa	240	5.4%	3,734
UniCredit Banca Mobiliare	2		703
UniCredit Banca Mediocredito	1		239
Locat	-	-	471
Total	243		6,334
Total at 2003	214		6,320
PRIVATE BANKING AND ASSET MANAGEMENT DIVISION			
UniCredit Private Banking	154	3.5%	1,175
Pioneer Group Global Asset Management	-	-	1,854
UniCredit Xelion Banca	- ¹	-	286
Total	164²		3,700
Total at 2003	162		3,518
NEW EUROPE DIVISION			
Pekao Group (Poland)	784	17.6%	16,193
Zagrebacka Banka Group (Croatia and Bosnia Herz.)	187	4.2%	4,975
Koc Finansal Hizmetler ³ Group (Turkey)	86	1.9%	1,949
Bulbank (Bulgaria)	94	2.1%	1,747
Zivnostenska Banka (Czech Republic)	36	0.8%	811
Unibanka (Slovakia)	69	1.6%	1,061
UniCredit Romania (Romania)	31	0.7%	679
Total	1,287		27,568
Total at 2003	1,281		28,039

Representative Offices

Chicago
São Paulo
Buenos Aires
Brussels
Frankfurt
Moscow
Mumbai
Beijing
Shanghai

Foreign branches

New York
Paris
London
Singapore
Hong Kong

GROUP DATA

2004	2003
No. of branches	
4,442	4,563
No. of employees	
68,571	69,062

¹ In respect of UniCredit Xelion Banca we mean *Financial Studios*, street-level premises with windows and window displays.

² The total for the Division is arrived at by also taking into account the branches of Monegasque, Unicredit Suisse and UniCredit International Bank SA (former Luxembourg Branch).

³ The companies of the group are consolidated proportionally. The data refers to the actual contribution to UniCredit's consolidated accounts.

In Italy

Number of branches by Region 2004	UCB	UBI	UPB	Other	Total Italian network
Veneto	569	47	28	1	645
Emilia-Romagna	420	30	27	31	508
Piedmont	409	31	27	2	469
Lombardy	254	37	21	13	325
Lazio	172	14	13	10	209
Friuli Venezia-Giulia	145	9	5	0	159
Apulia	97	8	6	2	113
Tuscany	69	14	6	6	95
Umbria	9	2	0	78	89
Marches	76	7	3	1	87
Trentino-Alto Adige	78	6	3	0	87
Campania	69	9	5	2	85
Liguria	53	7	4	1	65
Sicily	49	5	3	3	60
Sardinia	38	3	1	1	43
Abruzzo	21	4	1	0	26
Molise	22	1	0	0	23
Val d'Aosta	21	1	1	0	23
Calabria	16	3	0	1	20
Basilicata	4	2	0	0	6
Total	2,591	240	154	152	3,137

Our Corporate Social Responsibility

In presenting this new edition of our Social and Environmental Report, we feel it appropriate to say a few words about the way we see corporate social responsibility.

This is an important issue with profound implications for the relationship between a business and its principal stakeholders: employees, customers, investors and local communities. It requires clear and careful management, avoiding the misunderstandings which are partly due to its recent popularity and should be dispelled at once.

Corporate social responsibility is not merely obeying the law: respecting the rules of a civic community – both written and unwritten – should be the first duty of any citizen and any business.

Corporate social responsibility starts from a higher level and yet is not to be confused with charity or philanthropy. Solidarity with those who suffer is one thing; the duties arising from our being part of a community are another. It is no accident that we have chosen to keep the two different spheres strictly separate.

For humanitarian and charitable projects, we have set up a private foundation known as Unidea, into which we channel a share of our profits. This has been our way of entering the non-profit world, which we regard as an enormous enrichment enabling us to grow, both as a business and as people, by shaping a system of corporate values far broader than the mere pursuit of efficiency and profit.

Equally, we do not believe that corporate social responsibility means guaranteeing a high level of welfare to our employees: it can be right to attend to certain needs (for example, by setting up company day-nurseries), but it is not the precise duty of businesses to take on public policy responsibilities.

Finally, and most importantly, corporate social responsibility is not a tool for image creation: appearing correct, transparent and responsible is not enough to guarantee survival in the long term; we must actually be all these things. We must therefore concern ourselves not with image – which is changeable and in the short term can be manipulated regardless of the facts – but with reputation, which draws on actual behaviour and can be built only by a serious and constant commitment over time.

It is not easy to give a simple, clear definition of corporate social responsibility. It is a many-faceted concept whose practical application may vary according to the social, geographical, economic and political context. And it is undoubtedly a 'work in progress' for which even our Group – among the first in Italy to tackle this issue – has no ready-made solutions.

However, we believe a few basic lines can be drawn: at this time, we at UniCredit believe that social responsibility means, above all, committing ourselves to making the business prosper while respecting the hopes and expectations of all stakeholders and taking responsibility in a transparent manner for everything we do. In short, this means doing our work well and ensuring that the business enjoys the reputation which is essential for its survival and success in the long term.

The essence of any business is the creation and maximisation of profit and value for its shareholders. And it is for the attainment of this objective that the management is given autonomy in managing the business. But a business has many interlocutors, and so this value system must necessarily be broader and promote exchanges with the various parties. Consequently, there is no contradiction between the ability to generate profits and being socially responsible: no business can prosper for long without social approval. Approval is obtained only by providing consistently fair treatment to all those who come into contact with the business in a wide variety of ways.

For us, then, the business is not just about work and profit: it is a community of people based on shared values, in which professionalism and experience, relationships and personal integrity can grow. There have never been any great companies that did not have great civic passions or motivations above and beyond pure profit considerations. The responsibility which we therefore feel to be ours is that of generating sustainable value over time by means of a system of corporate values which has due regard for the hopes and expectations of all our stakeholders and is capable of contributing to the growth of the communities of which we form part.

We participate in the following Networks:

Networks



We support the following initiatives:



Action born of Corporate Responsibility

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Introduction

The ability to take responsibility for one's actions is a characteristic of people and organisations with a clear vision of their duty, but it does not tell us everything about their willingness to place ordinary obligations within a wider relational context involving pressures from various players, a strong set of assumptions about the future, and a readiness to make demands upon oneself which go beyond common sense and habitual responses.

'Going the extra mile' is much more than just a way of being in front: it is the only way for organisations to obtain advantages which win them time and the consensus of the community. Today we need time to consolidate processes, but above all to collect our thoughts, to design scenarios, to weave social relationships, to speak and to listen. Time for things well done, for accurate replies, for productive conversations.

It is also the art of obtaining consensus, which businesses normally seek on the basis of results, but which becomes true sharing and acceptance only through mutual acknowledgment, wider participation, the bond of a trusting relationship which grows smoothly and is expressed in the industrious well-being of the community which revolves around the company.

Creating consensus demands time, consumes time, and gives credibility and reputation in return: because of this, it is a value which businesses are learning to cultivate beyond its trivialised form of uncritical co-existence or simple toadyism. Our society, which revolves around wealth-producing organisations, has become enormously complex, and artificial simplification (which sometimes still tempts pragmatic businessmen) leaves some important side-issues unsettled, which muddy the field and work against lasting success – the kind of issues that cannot be dealt with in a company's quarterly report.

For this reason, in the following pages we will attempt to tackle all the problems which accompany corporate social responsibility, without leaving any questions unanswered and by using a battery of tools which might appear excessive if we were not considering every component of the system and remembering our goals. In our judgment, this approach offers the best hope of providing a clear vision not only of our corporate duty, but also of the various levels of responsibility of the parties involved, without leaving anything out in the process. The identity of a business, which consists of so many components, obtains approval through the consistency of its behaviour. The fact that it is not easy to achieve all of this on a continuous basis does not excuse us from the duty of attempting the task with determination.



Pier Luigi Celli
Head of Corporate Identity



Improving Customer Service

Being a socially responsible business means having a strong culture of service. We believe profitability must flow from a superior ability to serve the customers and build with them a lasting relationship based on transparency and trust, supplying the most appropriate solutions and promoting the development of a better financial culture in order to allow more informed choice.

To achieve these objectives, we developed the following activities during the year:

- Focus on the **efficiency of the service** delivered to customers;
- Pursuit of better **risk management, safeguarding our return** and avoiding 'blind' assessments, potentially damaging both for the bank and for the customer;
- Maintenance of mechanisms for **listening and dialogue** with customers, the market and the community in which we operate;
- Development of **products suited** to the needs of the various customer segments.

Service Efficiency

We are striving for efficiency in the service delivered by committing ourselves to:

- **ensuring** the best possible levels of service;
- **supporting** initiatives designed to redefine the relationship between banks and customers;
- **integrating** the various sales channels in an increasingly efficient, complementary and synergic manner, working to improve their physical accessibility.

• Ensuring the best possible levels of service

Quality Control

The need to assert our group identity through the quality of customer service is increasingly felt within UniCredit. We have therefore set up a centralised quality control function, whose purpose is to co-ordinate initiatives developed by the segment banks to monitor and maintain service quality. The role of quality control is to be a central point of reference in collaboration with the three segment banks, in order to harmonise various on-going initiatives and encourage the creation of integrated marketing and communication processes. To this end, a sophisticated reporting system is under construction to guide corporate decisions efficiently, by providing the basis for rapid definition and implementation of necessary improvements.

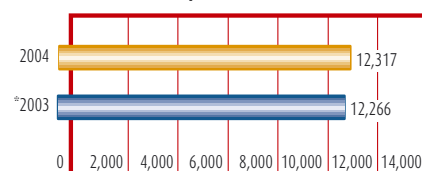
In 2004, with the support of Quality Control, UniCredit Banca also developed an innovative 'customer experience' approach, designed to examine 'delivered' quality closely and compare this with 'perceived' quality, usually measured by customer satisfaction surveys. This approach provides for special observational activities in the field, structured according to various analytical perspectives – the point of view of the customer, the point of view of the employee, the sales approach in the branches and the integrated multi-channel approach – and enables us to obtain valuable information regarding the bank's actual selling and relational capabilities. In 2005 this approach will also be adopted by UniCredit banca d'impresa and UniCredit private banking.

Complaints Management

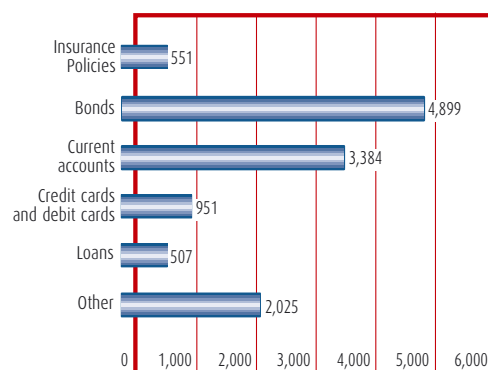
Customer complaints are handled by the complaints departments of the three segment banks, which carry out a preliminary internal investigation to assess each case. Once this investigation is completed, and after consulting with the legal department where appropriate, a letter of response to the customer is normally drawn up, either giving notice of acceptance of the complaint and consequent compensation or giving reasons for the rejection of the complaint.

In any event, each bank listens carefully to every customer complaint, because this enables it to identify critical features in its service: it is essential to observe and analyse all types of complaint in order to maintain service quality and customer satisfaction.

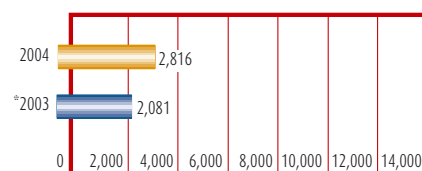
Number of complaints received**



Complaints received by type 2004**



Number of complaints settled**



* Some amounts have been adjusted with respect to those published in the 2003 Social and Environmental Report owing to complaints received in one year but settled in the following year.

** The amounts refer to UniCredit Banca, UniCredit Banca d'Impresa and UniCredit Private Banking.

Analysis of complaints data shows a constant level in the number of complaints received, but an increase in the total compensation paid out in relation to sales of financial instruments, due to the Parmalat and Cirio defaults.

Data Protection

At the heart of our strategy to ensure the security of the information handled by the Group is the training of our people, whether they are employees or consultants. Two special courses have been created pursuant to Decree-Law 196/2003 (known as the "Privacy Code"); these were specially designed in collaboration with leading companies in the sector including ABIFORMAZIONE (an ABISERVIZI S.p.A. company, member of ABI, the Italian banking association, which is active in banking and financial training), to instruct all our agents on the risks associated with systems and data, and appropriate countermeasures.

In addition, with a view to providing a fast response to interested parties, we have created a co-ordination centre for decisions concerning the protection of personal data and associated security measures. The centre has also been made the Group's consultative body for matters of privacy and safety.

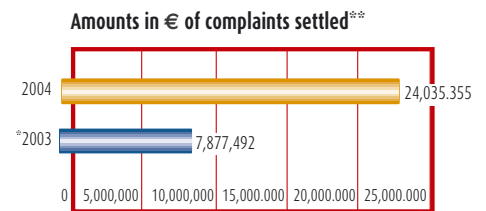
Fraud Prevention

We have a Cash Security Group at Group level, which, in co-ordination with the corresponding body within ABI, has enabled us to contain fraud committed by tampering with ATM and POS terminals, which have increased substantially in recent years.

The Group makes appropriate checks, and where necessary asks the banks of the Group to immediately issue a new card free of charge, or to start the process for reimbursement of the sums declared as fraudulent by the customer.

Furthermore, whenever a fraud report is received, the UniCredit Group operates a security procedure which provides for the precautionary blocking of all payment cards (debit or credit cards) which have passed through an ATM or POS terminal tampered with during a given period.

Following the increase in ATM terminal fraud at the banks' expense, the Cash Security Group has produced a special ATM security handbook, which includes extremely high European standards of protection and special anti-fraud systems. This handbook now forms the reference standard for all ATM purchases, including those of our foreign subsidiaries.



Amounts in € of complaints settled**

	2004
Insurance Policies	637,720
Bonds	20,598,689
Current accounts	889,872
Credit cards and debit cards	370,281
Loans	67,973
Other	1,470,820

To prevent computer fraud, there is a special group which advises on defensive countermeasures against new types of fraud identified both nationally and within UniCredit.

The Group is also continuing its participation in the “Attempted and perpetrated fraud monitoring centre” set up by ABI in 2000.

Fraud volumes

During the course of 2004, the measures implemented by UniCredit's Cash Security Group enabled **21,014** clients of its own banks and of other institutions to avoid or limit the financial losses associated with fraud.

• Supporting initiatives designed to redefine the relationship between banks and customers

Transparent Agreements

2004 saw co-operation between UniCredit and *Cittadinanzattiva* – a movement for civic involvement and the protection of citizens' rights – to review banking agreements from the customer's point of view. This analysis focused on contractual equity, customer protection and plain language.

The work, which was begun last year with the revision of the ordinary current account agreement and the basic banking services agreement, has now been extended to a further 20 agreements, including those for loans and financial products.

We have also simplified the purchasing process from the point of view of the customer, who can now sign up in a simple, modular manner for the principal banking services contained in our package accounts. This simplified single agreement requires only 10 signatures compared with the 30 previously necessary, but without reducing the clarity of the agreement.

The work will continue in 2005 with the compilation of a guide to understanding banking agreements, a glossary of key words and the creation of a technical workshop to deal with the psycho-pedagogical aspects of products intended for minors.

Key Results

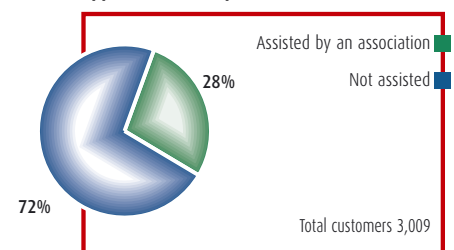
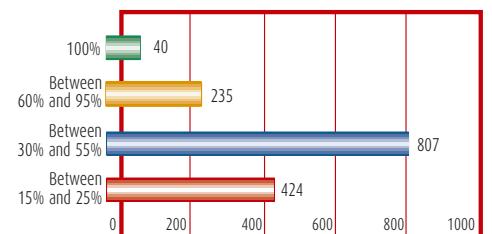
Contractual equity	For package accounts, the contract cancellation period, following changes in the terms and conditions of service, increased from 7 to 15 days.
	Explicit indication of the customer's option, in the event of any dispute, to refer the matter to the complaints department or the Banking Ombudsman.
	Jurisdiction: provisions for the consumer extended to all natural persons so that professionals, small businesses, etc. can have any disputes resolved by the competent court of their own place of residence.
	Loans: the possibility of negotiating the revised value of property given as security, with the bank. Previously such revaluation was unilaterally entrusted to the bank.
Customer protection	In package accounts, contract cancellation clauses introduced for extra-banking services where there are justified complaints.
Plain language	90 linguistic improvements.
	Increased font size.
	Thorough rewriting of the account statement to make it more comprehensible and user-friendly, replacing the more technical terminology for the sake of simplicity: for example, the words "debit/credit" have been replaced by "income/outgoings".

Cirio Bonds

2004 saw the conclusion of the work of the independent Commission charged with evaluating whether the customers of the Group's Banks had been sufficiently aware of the risk inherent in the purchase of Cirio Bonds: since these were corporate bonds with no rating, it was not in fact possible to exclude risk a priori.

In order to offer greater guarantees of transparency, we appointed an independent Commission chaired by Prof. Guido Rossi - former Chairman of CONSOB - to examine, case by case, the position of those who had bought Cirio bonds through a Bank of the Group, and where appropriate to propose compensation to be paid to the investors. Our analyses concerned the level of awareness of each individual customer, the transaction's risk profile and the relevance of the investment in Cirio Bonds vis à vis the customer's overall portfolio.

The customers to whom compensation was offered also retained ownership of the bonds, so that they could also participate in any distribution arising from bankruptcy proceedings concerning the Cirio group, and were also able to choose whether to be assisted in the proceedings by one of the eleven consumers' associations - all members of the National Council of Consumers and Users - which have signed a suitable Protocol with UniCredit.

Applicants for compensation**Compensation of Cirio investors (our customers)
Percent of claim/No. of customers**

The results of the Cirio bonds committee

Percentage of customers to whom compensation was offered	50%
Percentage of customers who accepted compensation	88%
Total compensation paid	€16.9 million
Percentage of nominal value of bonds possessed by customers receiving compensation	41%

Argentina Bonds

On 18 September 2002, following a decision by an ABI committee and in conjunction with seven other banks, we set up an association for the protection of investors in Argentinian bonds (www.tfargentina.it). The Association's purpose was to negotiate the rescheduling of debt with Argentinian issuers on behalf of investors; it offers consultancy and assistance free of charge.

Claims have been limited. We do not believe that the increase in complaints received during the days preceding the drafting of this document requires any change to the position adopted at the end of 2004 (when we made certain provisions in respect of individual situations only). We are of the view that we can demonstrate the correctness of the banks' conduct, since there is no reason to consider trading in bonds issued by the Argentine government any different from any other transaction involving financial instruments.

 www.tfargentina.it

Parmalat Bonds

Parmalat is proving to be a complex and atypical issue whose ramifications are being closely examined by the criminal courts and which has struck at the interests both of the banks and of holders of bonds issued by Parmalat companies.

Customers holding Parmalat bonds have been assisted by Group banks, free of charge, to obtain registration as creditors in the proceedings taking place before the Courts.

Over 67% of complaints received at Group level were settled according to CONSOB rules, which consider that a claim is settled once the bank and the customer reach agreement (this includes failure by the customer to respond to the bank's reply within a reasonable time). While it is not possible to rule out the possibility of receiving further complaints, we do not anticipate any significant increase in the number of claims.

Relations with Consumer Associations

The circumstances associated with the events of default on certain bonds have

undoubtedly seriously damaged the reputation of the banking system as a whole. This situation has given us even greater incentive to reinforce, by our day-to-day conduct, the confidence which our customers place in us.

For this reason, UniCredit is participating in the consumers and banks working group promoted by ABI, which, through the sharing of experiences and a special training course, aims to develop the skills necessary for optimal management of relations with consumers' associations in the common interest of improving the service delivered to customers.

Interest Capitalisation

The recent judgement by the Sezioni Unite of the Court of Cassation in the question of interest capitalisation added nothing new to the previous pronouncements of the Supreme Court in 1999. We received a number of claims after the 2004 judgment, but these were less numerous than those received in 1999 when the Court changed its thinking.

Our view, supported by the opinion of leading legal experts (some of whom have also pronounced publicly), is still that Italian banks' practice up to 1999 was correct, i.e., up to the time the Court of Cassation decreed the end of the previously accepted practice relating to the capitalisation of interest.

Although we cannot rule out the possibility of further claims, we believe that most customers intending to invoke the alleged illegitimacy of quarterly interest capitalisation have already made a formal claim or instigated legal proceedings in the last five years. We do not therefore expect any significant increase in claims of this kind.

- **Integrating the various sales channels in an increasingly efficient, complementary and synergetic manner, working to improve their physical accessibility**

Development of Sales Channels

Our strategy envisages full integration between complementary sales channels and the branch networks in order to render the service even more complete and efficient.

While the benefits for customers of a multi-channel approach (services via Internet, telephone and mobile phone) are evident in terms of practicality, convenience, efficiency and time saving, the advice and services offered by our branches continue to be central to all transactions, especially the most complex with highest value added. During 2004, the evolution of multi-channel banking services extended the range of services offered to our customers. For example, households can now obtain their account statements online, and small businesses can register for electronic payment of taxes and social security contributions.

In addition, in 2004 a series of measures was adopted to make the information available in the public areas of the UniCredit Banca and UniCredit Private Banking websites more user-friendly for people with various types of disabilities. Given the characteristics of the medium, most of these measures were aimed at blind and partially-sighted users. The project was based on the guidelines of the WAI (Web Accessibility Initiative) project organised by W3C (World Wide Web Consortium). Finally, online campaigns were promoted in support of non-profit agencies and organisations, with a significant response from customers in terms both of the raising of awareness and of results.

In the fourth quarter of 2004 users of UniCredit Banca's Internet banking services represented 25% of the total number of customers using any such services: in other words, one in four users of Internet banking is a customer of UniCredit Banca, which continue to be leader in online banking in Italy. (Source: "DigitalFinance", published by Nielsen//NetRatings, and CommStrategy report Q4 2004).

On the other hand, our network of branches guarantees our presence in Italy and the countries of central and eastern Europe, while elsewhere in the world we are present via subsidiaries and representative offices.

During 2004, changes were made to UniCredit Banca's sales network with the aim of:

- rationalising the Bank's geographical coverage through branch openings and closures, and optimisation of existing sales structures;
- renovating points of sale in order to build a solid identity as perceived by customers and unify the appearance of all branches in the network, whose design still reflected the banks to which they previously belonged. These actions were aimed at improving the user-friendliness of customer contact areas (facilitation of counter transactions, protection of privacy, increased comfort) and promoting awareness of the products and services offered by the bank (consistency of internal merchandising and window announcements, visibility of advertisements).

UniCredit Banca Branches

The actions begun in the second half of 2003 and completed in 2004 can be summarised as follows:

- branches closed: 176;
- branches opened: 13;
- complete restructuring:
52 branches, at a cost of €26,000,000;
- renewal of advertising, with the installation of new, co-ordinated merchandising inside 1,653 branches at a cost of €17,500,000, and on the outside of 1,200 branches (approx. 5,000 windows) at a cost of €3,000,000;
- installation of a queue management system for counter services: 286 branches at a cost of €2,500,000;
- replacement of furnishings in the counter area, consultant waiting area and commercial area: 600 branches at a cost of €16,000,000.

Sales channels

	2004	Change over 2003
MULTI-CHANNEL BANKING: Number of users		
UniCredit Banca	769,557	+14%
UniCredit Private Banking	14,453	+19.8%
CALL CENTRE: Calls received		
UniCredit Banca	3,116,668	+32%
UniCredit Private Banking	61,499	- 18.8%
THE ITALIAN BRANCH NETWORKS: Number of branches		
UniCredit Banca	2,591	-5.9%
UniCredit Banca d'Impresa	240	+13.7%
UniCredit Private Banking	154	+6.2%

Accessibility of Services: "Easy Branch"

In 2003, the European Year of the Disabled, we joined and supported the 'Barrier Targeting' campaign organised by *Cittadinanzattiva* by starting a programme for the removal of architectural barriers for our personnel and customers alike. In 2004 we constructed a prototype branch accessible to people with either motor or sensory disabilities. It is now easier for everyone to enter the Piazza Cordusio branch of UniCredit Banca in Milan and this is why we called this project 'Easy Branch': a branch with no physical limitations, to improve usability and the quality of the attention given to customers.

Training was also delivered in order to prepare branch personnel for helping disabled people to carry out transactions for themselves.

This was another step towards greater integration: a concrete acknowledgment of the rights of disabled people and the starting-point for further related actions in the networks of the Group.



Safeguarding our risk/return ratio

We intend to safeguard our risk/return ratio increasingly by:

- **improving** the quality of credit risk control, taking account of new factors which might affect the repayment ability of borrowers;
- **assuming** increasing responsibility for advising and supporting our customers, especially private individuals.

• Improving the quality of credit risk control, taking account of new factors which might affect the repayment ability of borrowers

Evaluation of Environmental Risk in Credit Policy

The growing awareness of environmental factors and how they might affect a borrower's repayment ability prompted us, as early as 2000, to expressly introduce the environmental factor into our credit assessment system.

This was done by:

- focusing on the creditworthiness analysis of individual counterparties, adding to the qualitative assessment of Corporate, Large Corporate and Small Business customers, requests for information/opinions to determine the existence of a possible risk/opportunity related to environmental factors. For customers in the Corporate and Large Corporate sector, the highlighted variables concern on the one hand the impact of environmental legislation and regulations on businesses and, as a possible competitive factor, on the market in which they operate, and on the other hand the existence of a possible specific risk and legal/fiscal disputes connected with environmental factors. For Small Business customers, there is a focus on environmental legislation, with particular reference to the existence of an environmental management system with ISO 14001 certification and/or set up on the basis of the European EMAS regulation;

- interpreting potential environmental risk in a broader, more strategic sense, through the issuing of precise credit policy guidelines and quarterly monitoring of the portfolio of loans to small and medium enterprises by the Group's Italian banks, thanks to an indicator which classes such loans as high/medium/low potential environmental risk.

The objective is to improve the quality of credit and thus credit risk control, and also to promote the adoption of behaviours likely to increase effectiveness and efficiency in the management of environmental problems.

Since 2003, in view of the ever-increasing importance attached to social issues,

¹ The classification of sectors according to the degree of environmental risk is based on the reclassification formulated by the European Bank for Reconstruction and Development (EBRD) in its handbook for the management of environmental risk.

qualitative credit analysis of customers has also been supplemented with information concerning the clarity and quality of financial reporting, in terms both of completeness and precision in the presentation of the data and of transparency and prudence in the accounting information. For the same reason, analysts are also required to identify specific management issues (e.g., legal proceedings against any director) or financial and accounting issues (e.g. hedging or high-risk transactions, potential tax liabilities, etc.).

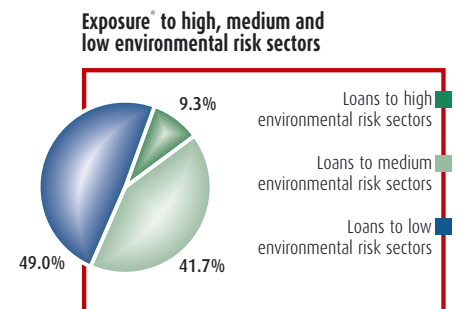
Evaluation of Environmental Risk in Project Finance

The procedures for preliminary investigation of project finance transactions adopted by UniCredit Banca MedioCredito in its structured financing for industrial and infrastructural projects, have a high degree of sensitivity to environmental issues, as is now common practice among key international operators in this particular market. Compliance with important environmental legislation at local, national and European level, such as the adoption of the best available technology, and the implementation of environmental management plans – centred around preventive action – is subject to comprehensive due diligence reporting on the part of leading independent consultants commissioned by the bank. The analyses carried out go beyond the design and approval stage and involve continuous and regular monitoring of the construction and management stages of individual projects through regular reports for the financial backers. Insofar as is permitted by the type and geographical location of the projects funded by the bank, every effort is made to increase the number of transactions which satisfy World Bank standards.

Evaluation of Social Aspects in Project Finance

The participation of private investors in the creation and management of public infrastructures and infrastructures with public benefit can greatly help the process of modernisation and growth of our economy. In this context, the use of financing techniques structured along the lines of project finance principles not only allows a substantial improvement the quality of the projects funded through better integration, but also helps identify the best contractors for the management and maintenance of the infrastructure that is realised, which is of crucial importance to ensure their social usefulness.

The creation and management of infrastructure through the involvement of private resources and capital meets a series of socio-economic objectives such as:



* Loans subject to quarterly environmental monitoring were 56.16% of total current loans by the Group's Italian banks. Data as calculated at Dec. 2004; source: Reporting Forms.

- faster growth of national infrastructural assets compared to public investments only; the contribution of market resources allows progressive freeing-up of public resources for investment in sectors of public benefit in which the efficiency and/or effectiveness of public expenditure is very limited by comparison with other European competitors;
- more thorough programming of interventions, along with better allocation of project risk thanks to specific agreements regulating the responsibilities of public and private entities; these are the necessary pre-requisites for more efficient creation and management of infrastructures instrumental in the delivery of better public services and services of public benefit;
- greater transparency of the costs of managing and maintaining public services and services of public benefit; the involvement of private entities and private capital in their management is instrumental in the creation of competitive medium-term market mechanisms capable of progressively reducing those costs and, consequently, public expenditure associated with them.

• Assuming increasing responsibility for advising and supporting our customers, especially private individuals

Kilovar

Kilovar is an index for measuring and immediately communicating the level of risk associated with various investment products. It was developed by TradingLab (the Group's personal finance laboratory company) with UBM support, in order to improve the accuracy of risk management techniques in relation to private investors' portfolios. It uses a simple, rational calculation method to inform the customer, on a scale of 0 to 1000, of the risks involved in choosing one instrument rather than another. It is also possible to verify whether the portfolio is consistent with the customer's risk profile.

Kilovar has been available since 1999. In 2003 the quality management system developed by TradingLab for delivering its calculation and distribution services was awarded UNI EN ISO 9001:2001 certification.



PattiChiari

This project was organised by ABI and is actively shared and supported by UniCredit. It aims to provide customers with simple tools to facilitate their understanding of banking products, promote greater awareness of the choices open to them and their implications, and make it easy to compare the offers of a number of banks with a view to selecting the product best suited to their own particular requirements. Customers are thus invited, but above all helped, to take a more active role in seeking information and improve their awareness and ability to make choices.

During 2004, the following activities were carried out:

- Current account comparisons: these help customers choose the current account which best meets their needs.
- Basic banking service: standard product to satisfy the basic financial needs of those interested in the main services of deposits and payments/receipts, with a strictly limited borrowing requirement.
- Average response times on credit for small businesses: initiative aimed at small and micro businesses, including those with fewer than 5 employees (professional partnerships, self-employed workers, etc.), intending to apply for credit, for which the banks undertake to provide clear information on the average response times for credit decisions and greater transparency in dealing with loan applications.
- Clear availability dates for cheques paid in: aims to keep cheque clearance within the maximum number of days laid down by Patti Chiari and enable customers to determine easily and precisely when funds deposited in the form of cheques will be available in their current accounts.

MyMoney

This UniCredit Banca publication aims to make financial and banking information clear and accessible and to help customers to be better informed before choosing the most appropriate solutions with the help of our Branch specialists. Produced by experts within UniCredit Banca and principal companies of the Group such as Pioneer Investments and UBM, this bi-monthly publication is sent free of charge to customers at their home address.

 www.unicreditbanca.it



 www.pattichiari.it



Financial Newsletters

Customers using the multi-channel banking service of UniCredit Banca can receive the following newsletters free of charge:

- **Morning Meeting:** published before the opening of the financial markets, this newsletter gives in a condensed but complete form the main news on the international markets, with prices and forecasts for a selection of securities.
- **7DAYS:** every Wednesday, this report offers an analysis of events over the previous 7 days and a look ahead at prospects for the next 7 days. The weekly newsletter reports on the 'market movers', the events which have affected stock prices on the international markets.
- **STRIKE!:** published every Friday, this newsletter is dedicated to the covered warrants of TradingLab, the Group Bank specialising in the design and creation of personal finance products and services.

Listening to the Market and Exchanging Views

We want to build long-lasting relationships based on dialogue, trust and co-operation, through:

- **constant customer focus;**
- **timely and transparent communication** to the financial community.

• Constant customer focus

Listening to Customers

Since 2003 we have been developing a survey approach based on constant monitoring of the level of satisfaction of our various customer segments. During 2004, Group banks greatly intensified this activity by means of customer satisfaction surveys, carried out in Italy by the three segment banks and in New Europe by UniCredit Romania, Zagrebacka Banka and the Koç Group.

These surveys, which were carried out primarily by means of telephone interviews, enabled us to:

- monitor customer satisfaction at various levels (products, processes, standard of service, sales network, etc.);
- monitor customer loyalty to their bank;
- identify any opportunities/problems with regard to geographical areas, products and/or services;
- determine the priorities for intervention on products and corporate processes in order to improve the quality of the service offered and respond in a more timely manner to customers' specific requirements;
- compare levels of performance over the years.

However, given the different characteristics of both their client base and the observation methods used by the banks, the results of the various surveys are not comparable with one another.

Listening

number of customers interviewed

	2004	2003
UniCredit Banca	242,000	120,000
Of which UCB customers	219,000	87,000
Non-UCB customers	23,000	33,000
UniCredit Banca d'Impresa	5,116	2,814
Of which UBI customers	4,516	2,814
Non-UBI customers	600	-
UniCredit Private Banking	3,596	*

* In 2003 a customer survey was carried out whose results cannot be compared, given the different observation objectives and procedures with respect to those of 2004.

Listening – the results:

indices of customer satisfaction*

	2004	2003
UniCredit Banca	49	45
UniCredit Banca d'Impresa	62	60
UniCredit Private Banking	66	**

* The indices developed by the three Segment Banks are based on a scale of values from 0 to 100.

** In 2003 UPB carried out a customer survey whose results cannot be compared with those of 2004 given the different observation objectives and procedures used.

• Providing timely and transparent communication to the financial community

Financial Communication

The communication channels used for conducting relations with the financial community, consisting principally of institutional investors, financial analysts brokers and rating companies, are institutional presentations, conference calls, sector conferences, roadshows and one-on-one meetings. In 2004 the company also held its fourth Investor Day: a whole day of presentations in which Top Management illustrated its 2004–2007 Business Plan to institutional investors, analysts and financial journalists, and replied to their questions.

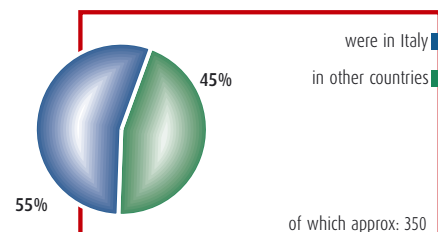
Communication is also carried out via the corporate website as a whole, while economic and financial information is provided in the Investor Relations section, which was expanded in 2004.

New data will be added in 2005 with the setting-up of an ad hoc section for small shareholders, with a view to disseminating information in an increasingly fair and transparent manner.

Financial communication – the numbers

Institutional presentations	6
Investor Days	1
Sector conferences	11
Road Shows (Europe: 10 – USA: 3)	13

One-on-one meetings with investors and analysts:



www.unicredit.it

Product Effectiveness

We promote economic and social development in the areas where the Group is present, by developing products suited to the needs of the various customer segments.

In order to achieve this end, it is necessary:

- **to redefine**, in an innovative and responsible manner, the relationship between the bank and its SME customers, to help them increase their competitiveness and grasp new opportunities, thus contributing to the creation of healthy and dynamic industry;
- **to grow** as a bank dedicated to households and individuals by providing products which offer opportunity, security and peace of mind;
- **to offer** younger customers the services and solutions best suited to their specific requirements;
- **to meet** the investment needs of every saver with solutions which are consistent with their risk profile, combining profitability and socially responsible investment.

- **Redefining, in an innovative and responsible manner, the relationship between the Bank and its SME customers, to help them increase their competitiveness and grasp new opportunities, thus contributing to the creation of a healthy and dynamic productive fabric**

District Bonds

In order to make available to small and medium-sized enterprises the financing tools typical of large businesses, such as the securitisation of medium and long-term loans, UniCredit Banca d'Impresa has developed 'District Bonds'. This is securitisation with the following characteristics: in collaboration with local Guarantee Consortia, it offers medium and long-term financing, without security but based on a risk assessment focusing on financial indicators, to a large number of enterprises belonging to an identifiable district or cluster.

Loans have been granted for acquisition of new plant, research and development, internationalisation and personnel training, and has been divided into a low-risk well-rated public issue, placed in the market, and a higher risk issue guaranteed by a Guarantee Consortium and kept on the bank's books.

This transaction, the very first of its kind in Italy, was carried out in the North East district during the first half of 2004 in collaboration with the Neafidi consortium, and opened the way for the second securitisation operation begun in the North West at the end of the year in collaboration with Eurofidi.

District Bonds

Results

	2004
Financed enterprises	ca 1,600
Total amount	€700 million

Medium and Long-term Loans

The success of the District Bond opened the way for medium and long-term financing transactions in the North East, North West and North Central areas. These are medium to long-term multi-sectoral loans granted within specific geographic areas, based on the autonomous capacity of the financed enterprises to generate repayment sources.

This initiative, set up by UniCredit Banca d'Impresa, has enabled significant growth in investment, while complying with the criteria of creditworthiness.

Pact for Growth

The pact for growth is part of the strategic project of UniCredit Banca d'Impresa to construct a new relationship between banks and corporate customers.

With the pact for growth, UniCredit Banca d'Impresa undertakes to offer medium to long-term loans, waiving in full or in part any associated security on condition that the entrepreneur is prepared simultaneously to reinforce the capital position of the business, thus improving its creditworthiness.

The pact for growth provides for the new credit offer to be based on:

- autonomous repayment ability in respect of the credit extended;
- medium rather than short term;
- improvement in the capital structure of the enterprises.

BrianzaLab

The 'BrianzaLab' project was born out of a programme agreement signed in April 2003 with *Assindustria Monza e Brianza*. The objective is to investigate the financial and strategic needs of businesses and identify innovative support approaches with appropriate solutions to facilitate their virtuous growth.

We have therefore created an advanced finance product aimed at achieving balanced management of the financial component of business risk.

The product consists of:

- support for the enterprise's business planning
- a medium-term line of credit in the form of an unsecured loan. The unsecured nature of the credit shows the strengthened trust between bank and business: no collateral or mortgage is required of the borrower, but only an agreement to follow the business plan defined for the duration of the financing in question.

Medium and long-term loans	
	2004
Total loans granted	€1,359,079,000
of which: North East	€502,312,000
North West	€518,322,000
North Central	€338,445,000
Number of new loans granted	4,200

To assist enterprises in their internationalisation, we have created:

- a market penetration support service;
- a Czech Republic Desk, a personalised service to offer businesses prompt service and/or appropriate support structures;
- a China Business Office, an operational office (at Quindao, in the province of Shandong) for the support of Brianza businesses which intend to operate or are already active in China;
- a special multimedia information and training product made available to partners on the www.brianzalab.it website, a user-friendly system developed to give maximum visibility to the planning experience and the results achieved.

'Made in Italy' Champions

This project represents the first collaboration between a financial partner devoted to businesses (UBI and UBM) and an institutional player, the Pitti Immagine group, world leader in the organisation of trade fairs and high-profile commercial promotion.

The purpose of the collaboration is to carry out field analyses of competitive dynamics, identify critical factors for success, create initiatives and products dedicated to the support of excellent medium-sized enterprises with a high growth potential, the so-called 'Champions' of the fashion and accessory business.

In close co-operation with the 'Champion' enterprises selected, we are testing an integrated business planning tool which facilitates activity, strategic and financial planning decisions within the business. This tool is then used to define, evaluate and submit subsequent requests for finance (the technical form is that of an unsecured loan) at advantageous terms and with short approval times. A third phase will follow, in which the newly developed and tested products are distributed to all medium-sized enterprises in the sector.

Local Committees

The Local Committees are local consultative bodies consisting of a variable number of external members drawn from the best of business, sectoral associations, autonomous bodies, cultural entities and the voluntary sector, who join with the heads of the three segment banks. The Committees therefore are effective indicators of the socio-economic dynamics in play, as well as drivers of UniCredit growth in its local markets – a growth factor capable of contributing to the development of a given geographical area.

Brianza Lab - Advanced Finance

Results

	2004
No. of enterprises	60
Millions of € allocated	100
Millions of € granted	120
Average loan amount in millions of €	2
Duration of loan	Up to 60 months



www.brianzalab.it

"Made in Italy" Champions

Results

	2004
Projects started or under evaluation	45
Projects completed	20

It is essential for us to continue focusing on local development drivers, and understanding local communities and their players. By making the most of our traditional role of supporters of local businesses, we intend to maximise all the opportunities offered by the interaction between globalisation and localism. Combining management efficiency with “territorial efficiency”, by which we mean social responsibility in local development, UniCredit intends to promote a business model aimed at the creation of value in the medium to long term in all the local communities in which it operates.

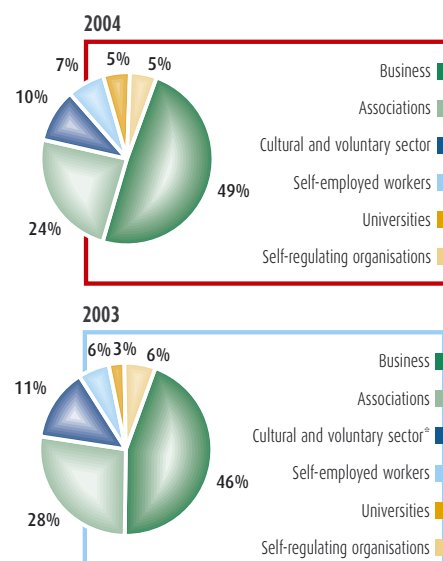
The far from easy objective which the Group has set itself, then, is to vigorously maintain the essential dialogue between the logic of global innovation and the values underlying local traditions, willingness to listen and interaction between diverse and complementary territorial platforms. This is one of the cornerstones of the new way of banking which we are promoting, acting responsibly in the local communities from which we draw our origins, to which we are inseparably linked, and which we want to accompany in their progress towards the modern challenge of innovation.

The principal purpose of the Local Committees, amongst whose members there are successful local leaders, capable of taking on the problems of their respective communities and of innovative project proposals, is therefore to identify and resolve the main problems which hamper local development.

Since they were established, the Committees have shown themselves to be effective tools in helping UniCredit maintain a strong connection with local communities and promoting trust and dialogue, the prerequisites for local community growth based on social cohesion. By closely observing the workings of these Committees we obtain access to information essential to understand both local markets and growth drivers at national level, to help the Italian economy compete in the international markets. In other words, trust and dialogue are the value added which the Local Committees have delivered to their respective local communities.

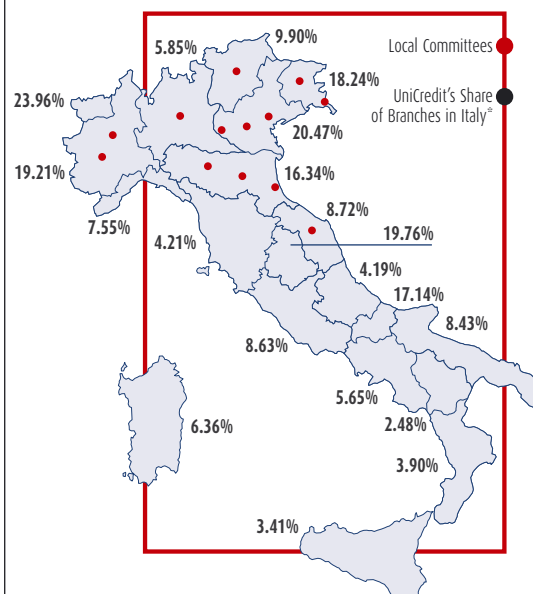
To better evaluate the impact of the activities carried out by the Local Committees, we have mapped the opinions and assessments arrived at over the course of the last two years. The information has been collected during interviews with Committee

External members of Local Committees



* The figure given in the 2003 Social and Environmental Report also included Universities.

Geographical Coverage



* The figures are as at September 2004 and refer to the Group's percentage of the total number of bank branches in the various regions of Italy.

Chairmen and questionnaires sent to all the external members of the various Committees. The objective is to provide initial feedback regarding the results of UniCredit's project to open up the territories for development. The results of this survey will be available early in 2005.

So far the Committees have been present in the areas where the Group's network is stronger; however, we plan to export this model to locations outside our traditional local markets, but which nevertheless represent an opportunity for doing business in areas of high strategic potential as well as considerable commercial penetration.

Local Committees

	2004	2003
Number of Local Committees	13	10
Number of members	201	155
Number of meetings	35	23
Average number of meetings	2.7	2.3

2004 saw the realisation of many of the projects developed during the previous year as well as some new initiatives proposed and discussed by the Committees.

Three conventions were also held on the issues that arose during the meetings of the Committees and identified as strategic priorities for local action. The aim was to bring together several Local Committees adjacent to one another in terms of geographical area and areas of interest, and to exchange ideas and opinions, with a view to implementing cross-territorial projects to stimulate joint discussion of concrete proposals involving local players and, not least, the bank.

The events organised were as follows:

- 'New strategies to compete in international markets' (Bologna, 16 June), with the objective of illustrating opportunities for doing business on an international level and sharing the experiences of enterprises which have already successfully taken this path.
- 'The Adriatic city: economy of tourism, banks and institutions' (Rimini, 29 October), with the aim of identifying the strategic lines for promoting and reviving the tourism sector.

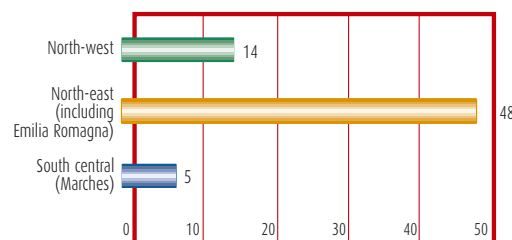
Local Committees

	Established
Alessandria-Asti-Cuneo	2003
Turin-Canavese	2003
Trento-Bolzano	2003
Treviso-Venice-Padua	2003
Udine-Pordenone	2003
Verona	2003
Vicenza	2003
West Emilia	2003
Bologna-Imola-Ferrara	2003
Ravenna-Rimini-Ferli-Cesena	2003
Piedmont Lombardy	2004
Marches	2004
Trieste-Gorizia	2004

- ‘Banking, services and territorial logistics’ (Fiorano Modenese, 18 November), to reflect on the best way for businesses, banks and institutions to move from the local to the international dimension, in an essential exchange of views with regard to the modern challenges of globalisation.

On the www.unicredit.it website, under the heading “Local Area Consultation” in the ‘Sustainability’ section, up-to-date information can be found about the Local Committees and their initiatives.

Geographical distribution of projects 2003 – 2004*



* The figures are for projects considered.

Local Committee Activities

Number of projects undergoing feasibility studies
 Number of projects considered
 Number of projects begun
 Number of projects finished
 Number of conventions organised
 Number of convention participants
 Number of external speakers involved

2004	2003
16	3
60	7
33	4
14	4
3	-
355	-
20	-

* The figures have been revised with respect to those given in the 2003 Social and Environmental Report because of changes in the categories.

ITACA – territorial notebooks

Wishing to make available to a larger number of potential partners the ideas discussed, planned and implemented by the Local Committees, we decided to publish data, analyses and stories which might be useful for the purposes of exchanging information and experiences, by creating a new half-yearly magazine entitled “Itaca – Territorial Notebooks”.

The magazine is on sale at all major bookshops as of March 2005.



Start UP

This project was created by UniCredit Banca to support start-up companies, in the belief that SMEs are a resource for the nation and that despite the present economic climate, there is scope for their revival and development, as demonstrated by the positive difference seen in 2004 between startups and closures of SMEs.

The initiative consists of three components:

- 'Franchising loans': financing for the creation of franchise businesses and a complete range of services and products devoted to the needs of franchisees.
- 'Self-employed loans': financing for entrepreneurs who want to start their own business without having to provide security, plus an advisory service for the evaluation of the business plan.
- 'Start-up loans': financing for businesses set up as a result of agreements with area sectoral associations, and sharing of risks with mutual guarantee funds.

CelerCredit

To answer businesses' need to obtain responses quickly, we set up CelerCredit, the new financing formula for all the day-to-day credit needs of small businesses:

- immediate liquidity for cash-flow needs;
- collection of invoice payments through, e.g., the 'bank receipt' system;
- purchase of consumables using advances against invoices.

UniCredit Banca undertakes to refund administrative expenses on all applications unanswered within 5 days.

- **To grow as a bank dedicated to households and individuals by providing products which offer opportunity, security and peace of mind**

CreditExpress

Quick and easy access to personal credit is certainly a need felt by Italian families. 2004 saw a strong increase in the use of consumer credit over 2003. For this reason UniCredit Banca launched a new product called Credit Express, which guarantees



Start UP

Self-employed loan fund	€50,000,000
Start-up loan fund	€50,000,000

CelerCredit

Loans granted in 2004:	€150,000,000
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approval of the loan to the applicant within 48 hours on average. Another of the distinctive characteristics of this product is the repayment schedule: the first instalment does not fall due until six months from the date of approval, in order to give customers ample breathing space. In addition, CreditExpress loans are highly customised, tailored to the customer's specific needs: this applies both to the amount, which ranges from €2,000 to €30,000, and to the size of the repayments, which can be spread over a maximum of 66 months. Finally, the customer has the option of taking out insurance to cover repayment of the loan in the event of any unforeseen circumstances, thus providing greater peace of mind.

"Credit Express" won the first Milano Finanza Award for Innovation in the personal loans category.

Value Program

At UniCredit Private Banking, looking after its customers means not just managing their assets well, but also selecting and making available services capable of improving their quality of life. With these objectives in mind, we created Value Program, a new and sophisticated all-inclusive banking product linked with innovative, non-banking services such as health, travel and leisure offerings.

• Offering younger customers the services and solutions best suited to the satisfaction of their specific requirements

Genius Free (18-30)

This is a current account aimed at young people under the age of 30, who in addition to traditional over-the-counter services want access to Internet banking facilities. The account provides ongoing support and offers specific modular products to cover all their present and future needs, from buying a PC to buying a house, from paying university tuition fees to obtaining low-interest loans.

On the non-banking side we identified a series of partners who offer special discounts on holidays, car hire and purchase and entertainment.

CreditExpress

Loans granted in 2004:

€1,100,000,000

Finally, Genius Free has its own website (www.geniusfree.it) which is a veritable community in its own right, with sections devoted to social life, studying, job hunting, sport and leisure.

UniCredit Ad Honorem

This is a loan aimed at deserving students who have already obtained their first degree and wish to continue their university studies in any faculty. Applicants are assessed purely on their academic merits, and no third-party guarantees are demanded. Unlike traditional grants, the Ad Honorem loan, developed in collaboration with the Universities, aims to develop and stimulate a 'model for cultural growth and education', benefiting the highest academic achievers. These agreements allow us to contribute to Italy's socio-economic development by improving education levels and consolidating our relationships with Universities, the training ground of future leaders.

With Clarima, the Group bank specialising in payment products and consumer credit, UniCredit has developed a product which is unique in terms of its period of grace – the time between the last drawdown and the first repayment (up to 24 months) – length of repayment period (up to 15 years), interest rates (particularly low) and loan amounts (up to €30,000). In addition, the student can choose freely between a fixed rate and a variable rate.

These loans have been available since January 2005.

Giovanna Crivelli Scholarships

In 2004 two scholarships (one reserved for women) were awarded in the second competitive examination in memory of Giovanna Crivelli, a young UniCredit employee who died prematurely. The purpose of these scholarships is to train researchers abroad in the area of political economics, financial market economics and economic policy.

The scholarships require the winners to enrol in and attend a specialisation course organised by a foreign university. The course must be of a minimum period of at least 9 months, but the scholarship is renewable.

During the course of the year, the third competition was launched for the scholarships to be awarded in the first months of 2005.

Genius free (18-30)

	2004	2003
No. of current accounts	235,000	155,000

Universities and local institutions currently included in the scheme

- University of Bologna
- University of Ferrara
- the Regional Agency for the Right to Study of Ancona
- University of Verona and the Regional Agency for the Right to Study
- University of Trento and Opera Universitaria
- University of Udine
- University of Varese and Como (Insubria)
- University of Modena and Reggio Emilia

Giovanna Crivelli scholarships

	2004*	2003**
No. of applicants	73	103
of which women	41	57

* The figures refer to the second competition

** The figures refer to the first competition

- **Answering the investment needs of every saver with solutions which are consistent with their risk profile, combining the objectives of profitability with those of socially responsible investment**

Ethical funds

Pioneer Investments (the UniCredit Group's asset management company) is present in the ethical funds market with two managed investment products: one equity-based, Global Ethical Equity, and one bond-based, Pioneer Ethical Euro Corporate distribution fund.

An important characteristic with undoubted value added is our Ethical and Environmental Committee which, on the basis of a precise and detailed set of rules, defines accurately and transparently the investment process in the equity fund and provides valuable support to the manager of the bond fund. The Committee, consisting of influential members of various business and professional sectors, expresses binding opinions and sets the guidelines for investment activities. The inclusion of a sector among those approved for investment is conditional upon the satisfaction of criteria identified by the Ethical Committee.

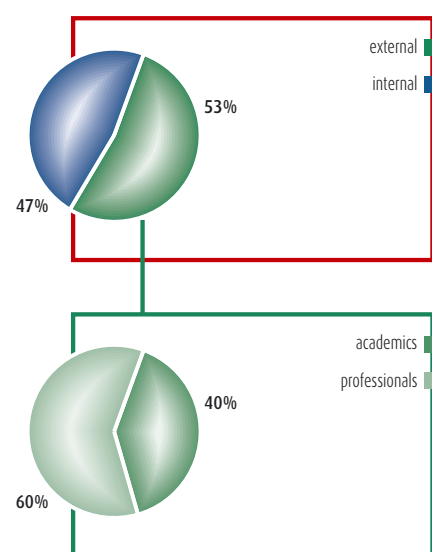
As of the second half of 2004, the investment strategy is taking on a deeper ethical character through the combination of two types of investment in the portfolio:

- a larger share represented by investments in companies listed on the FTSE4Good Global Index;
- a smaller component of investments in ethical and environmentally-conscious companies.

Following an investigation into Italian ethical investment funds, Adiconsum and Consumer's Forum awarded Pioneer Investments one of the highest ratings on the following parameters:

- completeness of the ethical criteria adopted:
 - existence and operation of an ethical committee;
 - participation by investors in the selection and management of investments;

Members of the Ethical Committee



- how the ethical rating activity is carried out, and by whom;
- criteria for the selection of securities: exclusion criteria, criteria relating to the product and the business;
- quality and completeness of information materials;
- quality of post-investment controls.

**Ethical and
environmental
committee**

	2004	2003
Number of Committee Members:	19	19
Sectors evaluated:	Telecommunications	Paper
	Nuclear	Energy
	Microfinance*	Oil

* Currently under evaluation.

Ethical funds

	2004 amounts in €	2003 amounts in €	Change
Assets Managed:			
TOTAL	971,565,300.72	219,634,548.1	+342.35%
of which:			
Global Ethical Equity Fund	13,349,205.98	14,073,604.72	-5.12%
Ethical Euro Corporate Bond Fund*	958,216,094.74	205,560,943.38	+366.15%
Performance of funds:			
Global Ethical Equity Fund	+0.92%	+5.86%**	
Ethical Euro Corporate Bond Fund	+5.32%	+0.98%	

* The fund was launched in October 2003

** Performance since the launch of the fund (13/10 - 30/12)

Increasing Organisational Efficiency and Effectiveness

We operate in full awareness of the importance, for our growth and solidity, of the trust which our stakeholders place in UniCredit and its values, which go beyond the ability to achieve our profit targets.

This 'new way of banking' affects not only our customers but also, and especially, our relationships with those who work with us - the main actors in the changes happening within the Group. This means working on the organisational structures, operational processes and technology we use, and simultaneously focusing on the organisation's culture and on the skills, know-how and ability of our people, with the aim of being perceived from the outside as a business which can be trusted and from the inside as a Group with which it is good to be identified.

In 2004 our efforts were directed to:

- **Rationalising processes** by adopting all the organisational solutions which enable us to recognise and satisfy the needs of our people and the various client segments;
- **Developing a way of constantly listening** to our employees and **encouraging relationships** between people by creating involvement and increasing the sense of belonging to the Group;
- **Carrying out day-to-day operations in accordance with criteria of transparency, correctness and consistency**, both internally and with regard to those with whom we interact;
- **Making the most of the knowledge**, skills and ability of the people who work with us;
- **Raising the quality of life within the business** by creating motivation and a suitable working climate to obtain the best results.

Process Rationalisation

We are working on the organisational structures, operational processes and technology we use, in order to:

- **make the best possible use** of the professionalism available within the Group by constantly offering our people new opportunities to grow by systematically taking all the opportunities that flow from belonging to a large Group, and by offering our customers the best solutions through business specialisation and a deep local presence in each geographical region;
- **put process automation to good use** in terms not only of the services offered to the customer, but also of the improvements which help our people to carry out their activities;
- **use** natural resources necessary for the conduct of day-to-day operations **rationally**, by monitoring UniCredit's environmental performance;
- **responsibly manage** relations between the business and its suppliers, recognising the importance of the development of an advanced culture in support of the processes associated with supplier relations;
- **ensure continuity** of operational activities even under critical conditions such as natural disasters or criminal acts.

- **Make the best possible use of the professionalism available within the Group by constantly offering our people new opportunities to grow by systematically taking all the opportunities that flow from belonging to a large Group, and by offering our customers the best solutions through business specialisation and a deep local presence in each geographical region**

Specialisation of our Organisational Model

We have created a Group with banks and structures dedicated to providing our customers with diversified solutions and a range of high-quality services and products, through an organisational structure of Divisions and Departments with specific competences, designed to offer service which is innovative, specialised and ever closer to the customer.

The main steps in this process of specialisation have been as follows:

The S3 Project

This project for Group reorganisation was begun in 2001 and completed in 2003. It involved the creation of three large segment banks in Italy (UniCredit Banca, dedicated to households and small businesses, UniCredit Private Banking, specialising in high net worth individuals, and UniCredit Banca d'Impresa, for medium to large businesses and organisations), and four Divisions (Retail, Corporate, Private Banking and Asset Management, and New Europe).

The New “Global Banking Services” Division

In July 2004, a year and a half after the initiation of the S3 Project, we added an important new element to the reorganisation: the creation of a new Division, Global Banking Services. The new Division includes Human Resources, Organisation and Quality, the real estate companies, Group Information Systems, UPA (UniCredit Produzioni Accentrate) and Purchasing, as well as Foreign Banks Organisation and IT and the activities of Custodian Banking and International Correspondent Banking. The new structure is designed to optimise the Group’s internal processes by ensuring the greatest possible synergy and savings. The objective is to enable the constant improvement of co-ordination in crucial areas for the Group as a whole, ensuring increasingly accurate control of costs and the ability for the other Divisions to focus ever more sharply on revenue growth and on innovation in service and product models.

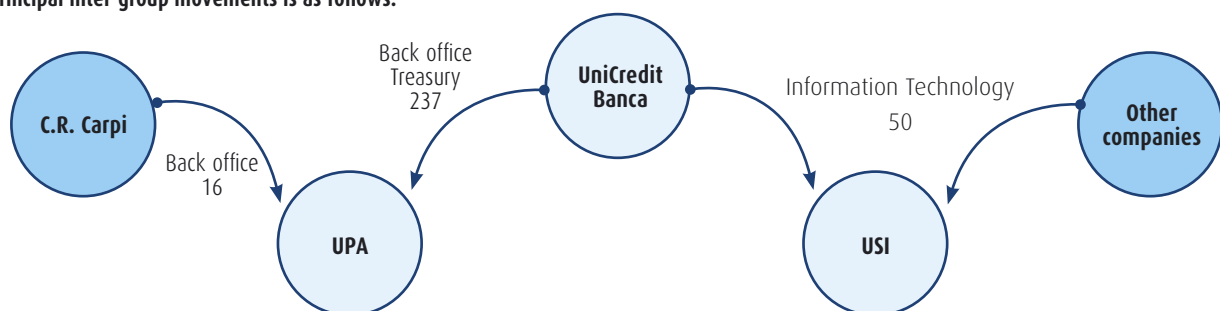
Launch of UPA and USI

Two shared service companies were set up in 2001: USI (UniCredit Servizi Informativi), responsible for unifying the development and management of the Group’s IT systems, and UPA, charged with centralising the service centres and all back office activities.

Rationalisation of staff

We have concluded important intra-Group agreements intended to regulate specific corporate operations for the transfer of businesses: back office treasury services from UCB to UPA and from Cassa di Risparmio di Carpi to UPA, and information technology services from UCB to USI.

The summary framework of the resources involved in the principal inter-group movements is as follows:



Job Posting

As of 2003, there is an internal recruitment site which allows any person working within the Group to view the job offers published by the companies of the Group on its Intranet portal, and to apply for any posts which could offer good prospects for their professional growth.

- Put process automation to good use in terms not only of the services offered to the customer, but also of the improvements which help our people to carry out their activities

Self Banking

In order to allow faster and more efficient access to transactional business, and thus improve customer service delivery times, self-banking services in the branches of UniCredit Banca have been extended.

The process has been made possible by the implementation of specific projects designed to increase efficiency and operational excellence.

Pico

To support sales activities in the commercial network of UniCredit Banca d'Impresa, we have developed PICO, a computer tool capable of providing all available information about the customer base, business undertaken and results achieved.

1city.biz

Through 1city.biz, the business city, we offer innovative trading support tools for commercial relations between businesses, designed to optimise business processes and extend customer and supplier bases, thus providing significant efficiency gains in terms of both time and costs. The simplification of procedures through online tendering and electronic integration of business and technical processes creates efficiency in those processes and produces benefits in the detail and accuracy of the available information, improving businesses' responsiveness.

Job Posting - the numbers *

	2004	2003
No. of CVs updated	4,870	2,219
No. of job offers posted	250	68
No. of applications received	1,899	456
No. of positions filled	69	17

* The figures refer to our banks and companies in Italy.

Services available to users of 1city.biz:

- scouting (identification and rating of counterparties)
- online trading
- electronic signatures
- system integration services
- financial services of the UniCredit Group
- learning services
- community area.

Group Intranet Platform

During 2004 we revamped both the style and content of the Group's Intranet Portal in the following ways:

- definition of a new information architecture to enable immediate access to the content and reorganise it according to subject areas;
- formalisation of a proper news provision process, by setting up an Editorial Committee and defining roles and players to guarantee greater autonomy in the provision of news, thus increasing the speed with which news is disseminated;
- clearer marking of information as to the relevant business or Division, in order to make finding useful information a quicker process.

Our Intranet is also being implemented in our New Europe banks.

- **Use natural resources necessary for the conduct of day-to-day operations rationally, by monitoring UniCredit's environmental performance**

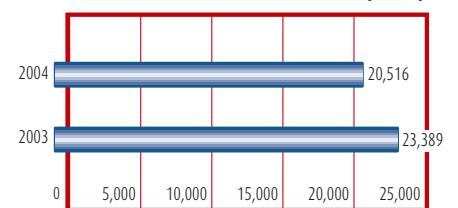
Environmental Consumption¹

The policies and practices to be implemented in order to improve the Group's environmental consumption are inspired by and defined on the basis of the principles contained in our Environmental Policy. For the full version of the Policy, see the descriptive schedule at the end of this document. Here are some selected data and information on the principal environmental aspects associated with our operations.

With regard to energy consumption, 2004 saw an increase in the electricity supply from renewable sources by switching to *Consorzio Idroenergia*, which produces power from hydro-electric sources. This operation is expected to be completed in 2005, so that 100% of our power supplies will be hydro-electrically generated.

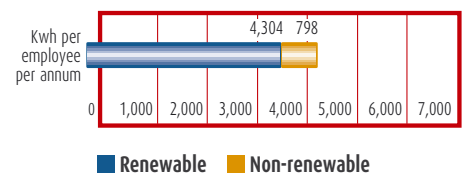
The updating of billing procedures for users within the Group has also made it possible to implement an electronic billing project, whose objective for 2005 is to produce a single monthly bill for each trading company. This represents both

Number of visits to the Intranet Portal per day*



* Refers to banks and other Group companies in Italy, calculated for days of access (in 2003, only working days, whereas in 2004 every day of the year is included). This is because it has now been made possible to access the Portal from home as well.

Indicator of per capita electricity consumption



¹ This report contains consolidated environmental data at Group level in Italy.

Unlike previous editions of the Social and Environmental Report, we do not only give data for UniCredit Italiano S.p.A., which can be found in the 2002 Environmental Statement and successive annual updates compiled in compliance with EMAS regulations, to which UniCredit subscribes.

an important simplification of activities, since the number of bills will fall from 50,000 to approximately 3,000, and a significant saving in terms of supply costs, administrative processing, and document management and archiving.

With regard to paper consumption, in 2004 the option of using 100% recycled paper was extended to all companies of the Group in Italy, with the Ecolabel brand of paper being chosen.

Steps were also taken in the New Europe Banks to introduce the use of recycled paper, already used for some purposes in Bulbank, Koç Group and Zagrebacka Banka, although difficulties associated with the cost and availability of these products in the nations of Eastern Europe do not currently allow their use to be universal.

In 2004 the collection, recycling and/or disposal of special waste was contracted out on the basis of a single set of specifications at Group level. This ensures that the service, carried out by firms with ISO 9000 and ISO 14001 certification, is the same for all UniCredit banks and companies.

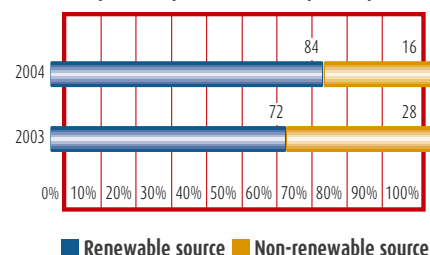
- **Responsibly manage relations between the business and its suppliers, recognising the importance of the development of an advanced culture in support of the processes associated with supplier relations**

Purchasing Social Responsibility and PEC

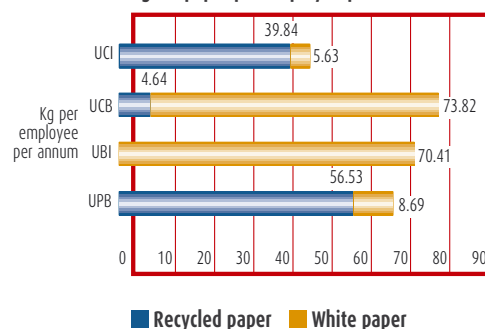
Procurement management is assuming increasing strategic importance for business success. For this reason, i-Faber SpA - a subsidiary of UniCredit which manages the 1city.biz digital market - has launched its Procurement Executive Circle (PEC).

The goal of PEC is to promote dialogue between the purchasing managers of businesses in different sectors to enable them to exchange ideas, share experiences, reflect on developmental scenarios and become a laboratory for models and good

Group consumption of electricity in Italy

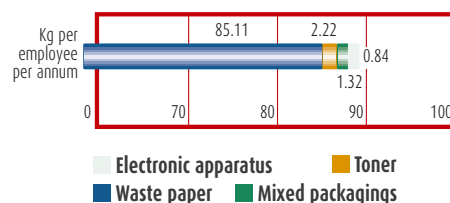


Kgs of paper per employee per annum



* The figures cover 76.3% of employees in Italy.

Indicator of per capita waste production



* The annual figures are estimated by taking into consideration the actual waste production data for the 4th Quarter 2004 for the Group companies UCB, UBI, UPB, UBM, USI, UPA, URE, UniCredit Audit, and UniRiscossioni, and the annual figure for UCI (in total, 90.6% of employees in Italy).

practices with regard to the role of procurement management. The methodology followed by PEC provides for a valuable process characterised by phases of analysis/summing up and validation/comparison between the parties involved.

Among the significant initiatives which will be implemented in 2005 is the Purchasing Social Responsibility (PSR) project, aimed at defining socially responsible behaviour towards existing and potential suppliers on the part of all company departments involved in the purchasing process, in terms of attentiveness, accuracy, honesty, speed and expertise. The objective which the PSR sets for itself is to create an authoritative, competent working group and strategic committee, with the job of defining and implementing a Purchasing Social Responsibility plan consisting of a pragmatic, operational PSR code and a set of tools for the realisation, monitoring and certification of the process.

Qualification of UniCredit Suppliers

We pay particular attention to the characteristics of our suppliers with regard to safety management and environmental issues. To this end, we use a Supplier Identification Questionnaire which enables us to select and grade the companies which satisfy our criteria. During 2005, this questionnaire will be fully integrated into the methodology used for selecting the suppliers who take part in UniCredit Group tenders, and subsequently extended to all companies of the Group.

• Ensure continuity of operational activities even under critical conditions such as natural disasters or criminal acts

Business Continuity

2004 saw the carrying out of further activities relating to our 'Business Continuity' project, started in Autumn 2002 with the aim of defining and evaluating impacts on the critical and vital processes of the Parent Company and the banks and other companies of the Group, and of implementing the resulting continuity plans.

Our continuity strategy and the relevant plans have been drawn up, after the vitally

Supplier qualification 2004

Questionnaires sent in 2004	152
Total questionnaires sent since 2002	577
Suppliers qualified since 2002	283
Suppliers excluded since 2002	31

important Business Impact Analysis phase, updated for all the banks and companies so far involved.

These activities were conducted in light of the rules issued by Banca d'Italia, which stipulate precise and detailed deadlines both for Disaster Recovery plans (laying down technical and organisational measures to deal with events causing the unavailability of data processing centres) and for Business Continuity plans. In addition, a department was identified to ensure that this area was covered in every bank and company, for routine management and emergencies.

Finally, in the second half of 2004, Banca d'Italia carried out a number of surveys among Italian banks in order to determine the level of the activity on this issue, including, for the larger Groups, requests for information on foreign subsidiaries: in our case, Pekao Bank, Zagrebacka Banka and KoçGroup, with particular reference to their Disaster Recovery plans. The scope of the project is thus gradually being extended to cover these banks as well.

Listening to Our People and Discussion within the Organisation

We seek involvement and stimulate dialogue among our people by:

- **developing the ability to listen** and respond to the disparate needs of the various parties involved in our business, by opening up to dialogue and the exchange of views and information;
- **defining processes of communication** and dialogue between top management and employees, and disseminating information to keep all employees up-to-date on Group events;
- **managing relations** with the Group's union representatives, to ensure constructive dialogue.

- **Developing the ability to listen and respond to the disparate needs of the various parties involved in our business, by opening up to dialogue and the exchange of views and information**

Climate survey – listening in order to grow together

Since 2003 we have periodically carried out a climate survey in order to listen to and involve our personnel. This survey uses a questionnaire and is intended to measure our employees' sense of belonging to the Group and their level of engagement and commitment, to identify strengths and weaknesses and thus to identify priority areas where improvements are necessary and targeted action needs to be taken. This year the survey was extended to include our New Europe banks: we are convinced that this experience of listening provides the foundations for common, shared growth. The results of the survey for the Group's banks and companies operating in Italy were then analysed by comparing them with the data from the previous survey carried out in 2003 (historic UniCredit data), and with the data relating to the Italian context which emerge from the work of International Survey Research (ISR) – a leading company in the field of conducting business climate surveys. This enables us to better understand and interpret what has been observed.

Historical comparison and positioning with the outside world

	Variation from 2003 results	Variation from Italian norm*
Customer orientation	■■■■	■
Organisational efficiency	■■■	■■■■■
Image of the bank or Group company	■■■	■■■
Speed of change and perception of workloads	■■■	■
Job satisfaction	■	■■■
Leadership	■	=
Engagement/Commitment	■	■■■
Degree of responsibility and involvement	■	■■■
Clarity of Aims and Objectives	■	■■■
Collaboration and Working Relationships	■	■
Management/Supervision	■	■■■
Training and Development	■	■
Pay	■	■■■
Continuity of the relationship with the company	■	■■■

Legend:

Variance %	symbol
>+16	■■■■■
+11/+15	■■■■
+6/+10	■■■
+1/+5	■
0	=
-1/-5	■

* Constructed by ISR from a national sample of data for businesses from all commercial sectors.

The survey

	2004	2003
Companies involved	27	22
Employees to whom the questionnaire was sent	ca 61,346 **	37,955
Response rate	ca 66%	ca 60%
Questionnaires collected	ca 40,600	ca 22,500
Responses to open questions *	ca 18,000	ca 17,000
Measures/projects defined in response to action plans	Not yet available	ca 100

* The figure refers to the survey conducted among the banks and companies of the Group in Italy.

** The figure refers to all personnel of the 27 Companies involved between 13 September and 15 October 2004.

- **Defining processes of communication and dialogue between top management and employees, and disseminating information to keep all employees up-to-date on Group events**

The CEO's Mailbox

This is a listening channel accessible via the Intranet portal, which offers all employees the ability to communicate directly with our top management, and in particular our CEO. This innovative form of dialogue was inaugurated in 2003, and since then it has been used whenever questions of importance or common interest arise for the Group.

Internal Publications

With the objective of strengthening the sense of belonging we produce periodical publications dedicated to our people.

- Direct Line: devoted to all Group companies in Italy, and used whenever the need arises to communicate information about initiatives that have a direct impact on our people.
- Private People: devoted to people working in UniCredit Private Banking.
- Projects Newsletter: published every three months to provide updates on the progress of projects initiated by UniCredit Private Banking.

Internal Communication Events

With the aim of sharing new projects, products and services with employees, during the course of the year we organised various types of events throughout Italy. These events also serve as an excellent way for our people to get to know each other and to share and exchange experiences.

• Managing relations with the Group's union representatives, to ensure constructive dialogue

Following a long tradition, the system of union relations within the UniCredit Group is characterised by honesty and transparency of conduct, and by a continuous and constructive dialogue which aims, wherever possible, to find mutually satisfactory solutions.

Against this background, in 2004 there were numerous occasions for discussion. Of particular importance were the meetings held in the second half of the year to start the negotiations aimed at minimising the repercussions on bank personnel of our 2004/2007 Business Plan.

2004 also saw the completion of negotiations concerning the outsourcing of some segment bank functions to highly specialised companies under the overall Group market positioning strategy.

A few of the most significant events are listed below:

- the agreement transferring Treasury Agency service back-office activities from UniCredit Banca to UniCredit Produzioni Accentrate (UPA);
- the agreements enabling the merger by incorporation of TradingLab into UniCredit Banca Mobiliare and of ServiceLab into UniCredit Banca d'Impresa (in accordance with our strategy of specialising the services provided by the two merged companies);
- the agreement transferring a business area of Cassa di Risparmio di Carpi to UniCredit Produzioni Accentrate, in respect of administrative and accounting

Number of events held*

	2004
Roadshows	36
Conventions	1
Other types of meetings	18

* The figures refer to events organised by UniCredit Banca, UniCredit Banca d'Impresa and UniCredit Private Banking.

activities falling within the scope of UPA's operations on behalf of the banks of the Group;

- the Union agreements which defined the procedure for the merger by incorporation of Vivacity into UniCredit Banca and the centralisation within Pioneer Investment Management of asset management services for all the investment funds offered by UniCredit Banca;
- the agreement between UniCredit Banca and the Unions of the company's workers concerning issues such as bonus schemes and assessment systems;
- a substantial series of agreements for the transfer of IT business units to UniCredit Servizi Informativi as part of establishing its role as the in-house IT service provider for all Group companies.

Technical and political dialogue on matters concerning benefits and pensions continues with a view to adapting existing schemes to the new corporate structure resulting from the S3 Project.

Unionisation		
	2004	2003
Trade union membership*	71,17%	71,33%

* The figures refer to Group companies and banks operating in Italy.

Transparency, Correctness and Consistency in Business

We have implemented processes which will enable us to be perceived from the inside as a business with which our people can identify, and from the outside as a business which can be trusted.

Central to the achievement of this objective has been the development of the following initiatives and projects:

- **describing** behaviours consistent with the values adopted by UniCredit;
- **correct** management of relations between corporate bodies, by taking into account and balancing the interests of all shareholders, on a broader definition of their ownership status;
- **encouraging** a climate of transparency with regard to the professional growth of our colleagues and the assessment of their performance.

• Defining behaviours consistent with the values adopted by UniCredit

Our Integrity Charter

Our actions must be inspired by a body of principles which should guide the way we interact on the job with our colleagues and with the outside world.

In drawing up the Integrity Charter we focused on the definition of these principles. Our view is that our civil community is based on a nucleus of strong, shared values, and on consequent, consistent behaviour, which puts them into practice and helps to create the reputation perceived by the market.

A description of the drafting process conducted during the year and of the contents of the Charter will be found in an annexed schedule.

• Correct management of relations between corporate bodies, by taking into account and balancing the interests of all shareholders, on a broader definition of their ownership status

Corporate Governance

Corporate Governance must serve as a tool for managing the responsibilities which we, as a business, bear towards our stakeholders, from a wider perspective. We need to consider the interrelation of management and control in a new way, to

examine all our relations with stakeholders in order to provide, in our processes, the means to manage potential conflicts.

For a full description of our Corporate Governance system, see the focus file annexed to this Report.

• Encouraging a climate of transparency with regard to the professional growth of our colleagues and the assessment of their performance

Who is going where

In order to encourage a climate of transparency with regard to changes of role and to the professional growth of our employees, we have set up a new Intranet Portal section entitled "Who is going where", which announces promotions and significant transfers of Group personnel.

Staff turnover in the UniCredit Group*

Turnover

2004
4.36%

* The figure excludes the New Europe banks.

New hires*

	2004	2003
Permanent contracts	1,037	1,205
Fixed-term contracts	561	912
Youth-training contracts	150	255
Total	1,748	2,372

Decreases*

	2004	2003
Resignation	818	711
Death	28	27
Termination for exceeding maximum sick leave entitlement	4	6
Dismissal	64	54
Termination under fixed-term contract	260	270
Termination with pension rights	625	650
Total	1,799	1,718

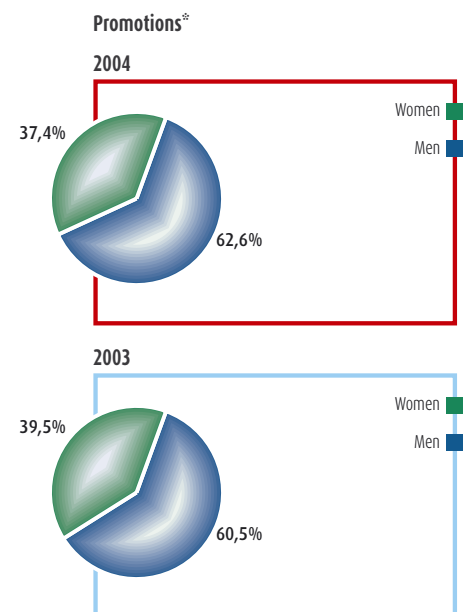
* Figures refers to staff working in Italy.

Assessment Systems

The effectiveness of any assessment process depends on the existence of a strong assessment culture rather than on the evaluative tools used. In 2004 a significant number of people responsible for managing others were involved in training activities centred around the sharing of concrete experiences, aimed at improving the handling of assessment interviews. The goal is that this important event should be increasingly felt and seen as a valuable opportunity for useful and transparent dialogue, with a view to improving performance and defining a specific development plan for each member of staff assessed.

Career development*

	2004 Men	2004 Women	2003 Men	2003 Women
Promotions within staff grades	871	757	1,046	886
Staff promoted to managerial positions	722	537	910	675
Promotions within managerial grades	1,148	392	950	370
Managerial staff promoted to senior manager	93	9	78	16
Total	2,834	1,695	2,984	1,947



* Refers to Italian staff.

Leveraging Intellectual Capital

We make the most of the knowledge, skills and abilities of the people who work with us by:

- **promoting** training processes and paths capable of supplying the necessary skills and sustaining a corresponding change in our culture;
- **investing** in the growth of high-value people in order to ensure the managerial continuity of the Group and support its strategic development;
- **defining** compensation and incentive systems based on shared principles and designed to support the strategic objectives of the Group by recognising commitment shown by our people and directing their motivation to the medium-long term;
- **developing** initiatives which create a strong identity.

• Promoting training processes and paths capable of supplying the necessary skills and sustaining a corresponding change in the culture

Training Schemes

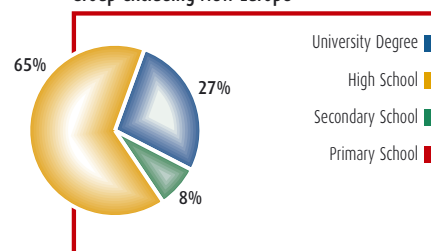
In 2004 training continued to be developed via the design and delivery, either internally or using part-time external trainers, of managerial and specialist technical courses for the banks and companies of the Group.

These courses were designed to:

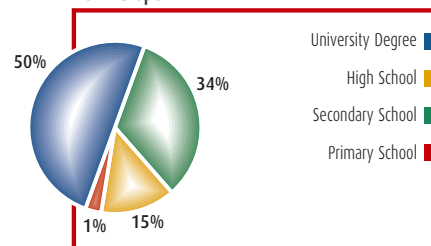
- support the development of a cohesive Group culture and the propagation of a managerial style which ensures UniCredit's individuality, through the delivery of courses involving staff from different Group companies (managerial training);
- develop the skills and knowledge necessary for maintaining and increasing the competitiveness and distinctiveness of the Group in the market (technical training);
- support the process of internationalisation and facilitate the development of a culture of exchange among the various entities of the Group in order to foster our growing multiculturalism (language training).

Employees' educational level

Group excluding New Europe



New Europe



Hours of training delivered

	2004	2003
Managerial training	338,092	171,281
Professional technical training	2,099,127	1,168,661
Language training	347,032	141,725
Total	2,784,251	1,481,667

Training Initiatives and Projects

The Management and Banking Academy

UniCredit's Management and Banking Academy, the corporate university for the management of the Group, sets itself the goal of increasing the value of human capital by promoting an effective managerial style, the propagation of excellent professional practices, inter-company dialogue and a shared adherence to UniCredit values. To achieve these objectives, the more traditional classroom-based courses which deal with a few main topics are supplemented by meetings with top managers, leading entrepreneurs or experts of international renown who enrich the main topics with their personal knowledge and experience.

2004 was devoted to a thorough study of *Leadership*, with the objective of developing widespread leadership within the Group through the examination and testing of students' own ways of exerting personal and social influence and the development of a set of effective leadership behaviours for complex organisational environments. During the second half of 2004, the Management and Banking Academy also began designing content for the new academic year, which will be devoted to the theme of Co-operation, with the objective of raising awareness of the principles which form the basis of co-operative strategies in organisations and the tools available to management for building the structural conditions for co-operation between individuals, organisational units and businesses.

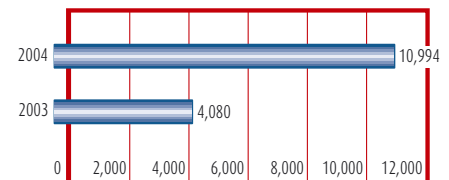
Young Talents

2004 saw the launch of the fourth annual Young Talents Programme, a course of training and development which this year, for the first time, provides for mixed classes bringing together young people working both in Italy and abroad, and thus involves the use of the English language. This choice, consistent with the internationalisation of the Group, answers the need to train managers who are capable of working with people of diverse experience, skills and cultures and are characterised by a strong international orientation.

With a view to ever greater transparency and direct involvement by people in the life of their Group, this year we asked young people in possession of the necessary qualifications and sponsored by their direct superior to volunteer to undergo this training.

The notable interest aroused by this initiative subsequently made it necessary to implement a selection process, conducted by the Parent Company in liaison with

The Management and Banking Academy
hours of instructions



the member banks, to identify the one hundred young people who were enrolled on the 2004 course.

Young Talents		2004	2003
Hours of training delivered		32,320	26,600
Participants involved		100	119*

* Of whom 115 completed the course.

Leadership for results

The objective of the Leadership for Results project is to promote within our organisation a leadership style focusing on the quality of interpersonal relationships, in order to construct a strong corporate identity which is perceptible in the quality of the service we offer to our customers.

The project draws upon the concept of emotional intelligence, i.e the ability to recognise our feelings and those of others, both inwardly and in social relations. In order to deliver the courses to a large number of employees, the Facilitators were suitably trained by means of a course lasting two weeks and 5 days to gain the certification necessary to run the workshops. The Facilitators lead the courses and carry out activities of support for the managers. We also created the Community, a virtual forum which serves as a laboratory and design office in which to pool skills, experiences and contributions from those who believe in the project. In 2004 we began running three-day residential workshops for UniCredit Banca, and a timetable was drawn up for extending these throughout the Group. On completion of the workshops, further initiatives aimed at achieving the pre-established objective will be defined.

Number of facilitators trained		2004
UniCredit Banca		24
UniCredit Banca d'Impresa		4
UniCredit Private Banking		2
UniCredito Italiano		4

Leadership for Results		2004	2005 projection
Number of people involved		360	5,000

Corporate and Investment Banking 2nd level Master's degree

This is an innovative Master's degree, set up by UniCredit Banca d'Impresa with the collaboration of the Management and Banking Academy and exclusively designed by MIP Politecnico di Milano and SDA Bocconi. The objective is to develop the participants' skills of assessment and support enabling us to offer businesses a

service which is based on the full understanding of all their needs, not merely those of a financial nature. All in all, the training course, begun in November 2004 with the participation of 46 employees of Banca d'Impresa, will last over two-and-a-half years, during which time the students will alternate between working activities and classroom days (60 days), private study and group interaction.

This undertaking aims to create highly specialised business consultants capable of expertly interpreting the needs of businesses and promoting the most appropriate solutions consistent with the provisions of the 'pact for growth'.

• Investing in the growth of high-value personnel in order to ensure the managerial continuity of the Group and support its strategic development

Key Human Resource Management

The purpose of Key HR management is to ensure that we can attract, retain and develop high-quality people through:

- the definition of suitable remuneration policies and systems at Group level which strengthen loyalty and motivate personnel to fulfil the business strategy;
- the co-ordination of Performance Management Systems for key people and medium-term Incentive Systems for all Group Entities;
- drafting and monitoring the Development Plan for key people, ensuring their managerial growth along the strategic lines;
- contribution to the organisational design of positions of strategic importance for all Group entities.

Within the context of Key Resource Management, 2004 saw the start of a process of Strategic Career Planning for the identification and development of high-value people capable of filling roles of strategic importance in the Group.

During the course of the year, a unique Role Profile Matrix methodology was developed to implement the essential skill-set needed to identify people of strategic

interest from among key people, planning and monitoring their development. The process, systematic and periodical in nature, provides for key people of strategic interest – identified by structured screening of potential candidates – to be analysed on the basis of different criteria, and for the results to be submitted for the validation of the Strategic Committee which has final responsibility for selection. In particular, this approach will allow the refinement of succession plans needed to ensure managerial continuity within the Group.

- **Defining compensation and incentive systems based on shared principles and designed to support the strategic objectives of the Group by recognising commitment shown by our people and directing their motivation to the medium-long term**

Compensation and Incentive Schemes

The salary scales detailed in the *Contratto Collettivo Nazionale di Lavoro* (CCNL) [National Collective Labour Agreement] are applied (in respect of Italian personnel).

In addition, to ensure the fairest and most transparent remuneration, 2004 saw the consolidation, in almost all UniCredit's banks and companies, of incentive schemes based on shared principles and mechanisms which, however, take into account the specific characteristics of the various businesses.

With a view to strengthening the focus of the commercial network of the three segment banks, not just on the achievement of economic results, but also on the quality of the service offered, objectives relating to the improvement of specific customer satisfaction indices have been inserted into the variable reward system.

Furthermore, to achieve continuous improvement in the quality of credit granted, the reward systems of UniCredit Banca d'Impresa and UniCredit Banca have been enhanced with specific objectives designed to ensure reliable borrower and transaction assessment, significant differentiation of risk and a reasonably accurate quantitative estimation of that risk, thus improving the bank's ability to identify,

Average weight of objectives in the incentive scheme as a whole

	2004	2003
Customer satisfaction objectives *	10%	-
Credit quality objectives **	10%	-
Medium to long-term profitability objectives ***	30%	-
Bonuses as a proportion of gross pay ****	10.20%	ca 10%

* Refers to the three Segment banks in Italy.

** Refers to UBI and UCB only.

*** Refers to UCB and UPB.

**** The figures relate to the incidence of MBO and company bonuses and refer to the three segment banks in Italy.

price and manage risk, while creating the prerequisites for a lasting relationship with its customers.

Finally, in 2004 the reward systems of UniCredit Banca and UniCredit Private Banking were enhanced with incentive parameters designed to create the basis for profitability which is not only high in the short term, but also durable and sustainable in the medium to long term. These parameters are chiefly associated with variables such as direct and indirect deposits, loans and assets under management.

Compensation systems

Average gross compensation by staff grades*:

	2004 amounts in €	2003 amounts in €
Senior Managers	114,614	115,296
Managers	47,589	47,519
Staff	29,449	29,400

* The figures refer to Italian personnel.

Medium to Long Term Incentive Schemes

To sustain the ongoing growth of the Group, in 2004 a new triennial medium to long-term incentive Plan was created for Top Management, Middle Management and all employees of the Group.

The new incentive Plan allocates free restricted ordinary UniCredit shares to all employees in Italy – pursuant to the tax and pension relief provisions of Italian legislation – and free restricted ordinary UniCredit shares to Middle Management for particularly outstanding results achieved under the annual variable reward system, plus the combined award of Stock Options and Performance Shares to Top Management.

Medium to long-term incentive scheme

People involved

	2004
Employee shareholding plan: all employees	34,993
Restricted Shares: middle management	2,098
Stock Options e Performance Shares: top management	363

• Developing initiatives which create a strong identity

We are convinced that our encouragement and support – including financial support - of the efforts of our personnel in non-profit projects is a crucial element in maximising the value of the business' human capital.

A survey carried among personnel revealed an intense and widespread involvement in non-profit activities by our employees, and this persuaded the Unidea Foundation to promote and spread the culture of donation and volunteer activity through two special projects: employee volunteering and gift matching.

Both initiatives are promoted in all Group companies in Italy and also among the banks of the New Europe Division, where they represent a total novelty. The results, although falling below the figures achieved in Italy, are certainly of interest given the social history of these countries, which so far have not had any experience of actively contributing to the non-profit and voluntary sector.

Employee Volunteering

This project provides for the Foundation to donate a financial contribution to all non-profit bodies for which UniCredit employees have carried out voluntary work outside working hours.

Gift Matching

Under this programme the Foundation matches all UniCredit employees' contributions to non-profit initiatives. 2004 saw the launch of the second programme, which introduced an important innovation to encourage the involvement of personnel by restricting participation in the Gift Matching scheme to groups of at least ten people committed to the support of a given initiative.

For a summary of the activities carried out by the Unidea Foundation, see the detailed focus file annexed to this document.

Employee Volunteering*

	2004
Participants	745
Hours devoted to voluntary activities	66,912
Amount donated by the Unidea Foundation	€600,000

* These figures refer to Italy only.

Gift Matching

	2004	2003
Employees involved	2,993	3,500
Charities supported	143	270
Amount donated by the Unidea Foundation	€600,000	€556,430

Employees' Associations

To promote a shared culture of solidarity, some employees of UniCredit Banca have set up non-profit associations and organised events to raise funds for social initiatives and projects both in Italy and abroad.

Five associations have been created to date, and three others are being set up.

Associations 2004

	Number of members
Associazione Cassamarca per la solidarietà ONLUS	160
Associazione Caritro per la solidarietà ONLUS	202
Associazione UniCredit Friuli per la solidarietà ONLUS	121
Associazione UniVerona per la solidarietà ONLUS	80
Associazione UniSolidarietà UniCredit Vicenza per il sociale ONLUS	28

Improving the Quality of Corporate Life

Improving the quality of corporate life by taking all measures needed to:

- **prevent** health and safety risks by evaluating and minimising all the risks associated with working in offices;
- **promote** the protection of people, property and information against crimes committed on our premises or in the course of our business;
- **offer** our employees a less stressful working environment to help them balance family and work needs.

• Prevention of health and safety risks by evaluating and minimising all the risks associated with working in offices

Among the initiatives implemented to make the workplace safe, healthy and pleasant, June 2004 saw the introduction of a complete smoking ban in all UniCredit premises, six months before the legislation came into force in Italy. This ban goes further than the preceding 1999 measure which banned smoking in offices only. This decision was taken in the light of growing awareness of this issue and scientific research on the increasingly evident harm caused by smoking, in order to give the greatest possible protection to everyone present in the working environment.

To minimise the occurrence of accidents in 2004 and provide the same information to all employees, an online training course was developed, dealing with the specific risks present in banks and ways of reducing those risks.

Risk of Injury continues to be low and consists mainly of accidents occurring *en route*, i.e. during journeys to the workplace or from one site to another.

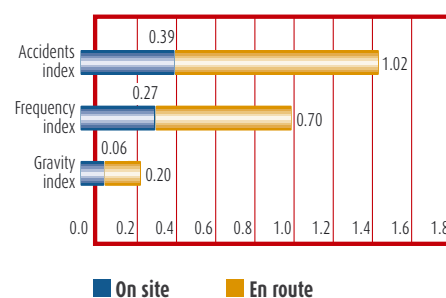
• Promoting the protection of people, property and information against crimes committed on our premises or in the course of our business

Robbery and Theft

2004 proved to be a particularly negative year for the entire banking system in Italy with regard to security against robbery and theft.

Faced with this situation, UniCredit Banca – the company of the Group which, having the largest network of branches handling cash transactions, suffers the greatest incidence of criminal acts – has drawn up action guidelines, installed new protection

Accident indicators 2004*



* The figures exclude New Europe banks.

devices and reinforced existing measures to protect the safety of personnel and customers:

- measures which impede the actions of robbers;
- measures which facilitate identification of the perpetrators of crimes (digital video recording systems with high image resolution, walk-through metal detectors, fingerprint readers at branch entrances).

Other activities were also initiated with a view to:

- improving collaboration with law enforcement agencies;
- developing training and information activities to be conducted by law enforcement agencies with branch managers and the heads of the local organisation, and a special programme for cashiers;
- publicising the adopted initiatives in the local press.

A training programme was planned for 2005, with the objective of raising the awareness of branch staff with regard to the need to strictly comply with safety standards, and suggesting the best behaviour to adopt in the event of a robbery, in order to minimise the risk of suffering physical or psychological harm.

Robbery and theft*

	2004	2003
Robberies committed: number	341	270
Robberies attempted: number	26	18
Thefts committed: number	51	37
Thefts attempted: number	45	39

* The figures refer to Group banks in Italy.

- **Offering a less stressful working environment to help our employee balance family and work needs**

Day Nurseries

To overcome the difficulties commonly encountered by parents in relation to working hours, *L'Isola Incantata* [the Enchanted Island] was inaugurated in Turin. This is the

first corporate structure created by UniCredit Banca to accommodate employees' children after *Pupo & Pupa* [Guys and Dolls], UPA's day nursery in Cologno Monzese (Milan).

Bimbo in Banca

In May 2004 we held our first "BIMBO IN BANCA [kids in the bank] day, which entails opening all our business premises to employees' infants and children (0-15 years), so that they can see our place of work and have their parents' professional activity explained to them.

As a further occasion for getting together, entertainment and surprise, veritable parties were held at 25 Group buildings throughout Italy after early closing of the branches.

Part-time

Part-time personnel represent 10.27% of the workforce in our banks in Italy, compared with 8.72% for all the "major banks" and 7.56% for the sector (ABI data at 31 December 2003), confirming the Group's commitment to its employees, particularly women, who need more time to devote to particular personal and/or family needs.

Day nurseries

	Places available
L'Isola Incantata	30
Pupo & Pupa	26

Part-time

Number of part-time contracts – totals

Of which Men	4,411	4,368
Women	350	394

No. of full-time contracts – totals

Of which Men	64,160	64,694
Women	31,057	31,412
	33,103	33,282

Leave of absence for employees

Leave of absence is granted to Group employees for special needs arising from personal and family circumstances in accordance with the rules contained in the National Collective Labour Agreement (CCNL). In addition, the group has fully implemented the new mechanism introduced by the CCNL for rewarding overtime with time in lieu.

Leave of absence**Days (full-time equivalent) of leave of absence granted* – grounds**

	2004	2003
Pregnancy, puerperium and post partum	145,900	142,300
Family or personal grounds (family support, bereavement, birth, children, nursing, disability leave, school reasons)	67,700	59,700
Union leave	58,590	59,340
Blood donation	4,115	3,290
Matrimonial leave	8,315	8,230
Public duties	813	729
Total	285,433	273,589

* These figures exclude our New Europe banks.

**Extra time worked in 2004 by staff members
at domestic banks and companies
of the Group (including the Parent Company)**

	Men	Women	Total
Hours worked:			
Hours of overtime accrued to be taken as time in lieu	266,643	221,875	488,518
Overtime hours paid	683,110	497,819	1,180,929
Total extra time worked	949,753	719,694	1,669,447
Hours worked per capita:			
Hours per capita accrued			25
Hours per capita paid as overtime			60
Hours per capita taken as time in lieu			22

Staff Loans

During the course of 2004 we also received from our employees requests for mortgages and loans issued by UniCredit Banca for the purpose of buying a house or to meet specific personal and family needs.

Value created out of Relationships

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Calculation and Apportionment of Value Added

As in previous years, we are publishing our calculation of value added, divided up among our stakeholders. This is only a first step in the process of understanding the relationship between the value UniCredit generates and its counterparties.

The next step involves, first, calculating the value that the market attributes to UniCredit, and then identifying, on the basis of the Group's relationships with stakeholders and the strategy developed to this end, the distinctive skills that determine drivers of value.

We calculate value added – which we take to be a kind of reconciliation between the Consolidated Accounts and the Social and Environmental Report – in order to show how it is apportioned. This we do by reclassifying our profit and loss items, in order to express in money terms the relation between our business and the socio-economic system with which it interacts. In this regard, the latter includes, among our main counterparties, the following:

Shareholders
The Community
Employees
Corporate Structure
State, public bodies and institutions

The Inclusive Gross Value Added calculation model we use is the one given in ABI's form for the compilation of banking sector Social Reports. This is the method we have chosen among many ways of determining Value Added by aggregating profit and loss components, since it takes banking's specific characteristics into account.

From this analysis it emerges that in 2004 the Inclusive Gross Value Added produced by the Group was essentially unchanged over 2003 (down by 2.10%).

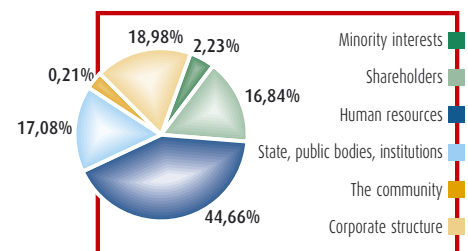
Human resources continue to be the main factor in the productive process. Their portion of total value added actually increased from 42.35% in 2003 to 44.66% in 2004.

With regard to the other stakeholders, there was a significant decrease over the previous year in the share absorbed by the State and other Public Bodies and Institutions in the form of taxes (from 21.27% to 17.08%). There was a corresponding, slightly smaller, increase in the proportion attributed to shareholders (from 13.90% to 16.84%), this being the consequence of lower tax on 2004 profits.

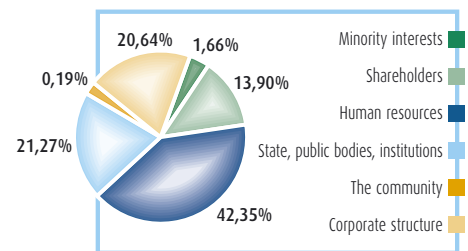
Minority interests (2.23%) represent the portion of profits distributed to third-party shareholders of fully consolidated subsidiaries and affiliates. This also increased in absolute percentage terms (up by 0.57%). The share attributed to the Community in 2004 (over €16 million or 0.21%) includes the allocation of €9.75 million out of profits to the “Donations Fund” established for companies of the Group. Of this amount, €4.1 million was included in the proposed appropriation of UniCredit Banca 2004 profits, €5,05 million came from UniCredit Banca d’Impresa profits, and €600,000 from UniCredit Private Banking profits.

Apportionment of Inclusive Gross Value Added

2004



2003



Charts and Tables

(€ thousands)

Reclassified Balance Sheet	2004	2003
ASSETS		
1. Cash and balances with central banks and post offices	2,083,316	1,952,396
2. Due from:		
- Customers	140,438,449	126,709,237
- Banks	36,521,025	32,783,258
3. Trading securities	19,916,584	18,255,405
4. Fixed assets:		
a) Investment securities	9,998,984	11,271,184
b) Equity investments	3,536,056	3,504,466
c) Intangible and tangible fixed assets	4,081,621	4,405,662
d) Gains on consolidation and net equity	1,061,605	1,232,206
e) Own shares	358,416	
5. Other assets	47,859,114	38,141,822
Total Assets	265,855,170	238,255,636
LIABILITIES		
1. Accounts payable:		
- Due to customers	103,816,764	97,976,155
- Securities in issue	53,106,327	37,297,683
- Due to banks	37,702,133	44,252,285
2. Specific reserves	4,475,655	4,830,106
3. Other liabilities	44,994,291	33,591,090
4. Loan loss reserve	0	69,163
5. Subordinated debt	6,541,276	6,189,574
Losses on consolidation and net equity	54,471	64,045
Minority portion of shareholders' equity	1,128,908	972,978
6. Shareholders' equity:		
- Capital, reserves and fund for general banking risks	11,904,829	11,051,977
- Net profit for the period	2,130,516	1,960,580
Total Liabilities and Shareholders' Equity	265,855,170	238,255,636

(€ thousands)

Reclassified Profit and Loss Account	2004	2003
Net interest	4,919,777	4,794,502
Dividends and other income from equity investments	280,432	293,17
NET INTEREST INCOME	5,200,209	5,087,681
Net commission	3,288,586	3,316,158
Trading profit	993,390	1,287,537
Other net operating income	892,607	773,394
Net non-interest income	5,174,583	5,377,089
TOTAL REVENUES	10,374,792	10,464,770
Personnel costs	(3,388,528)	(3,280,810)
Other administrative costs	(2,080,970)	(1,935,734)
Writedowns of tangible and intangible fixed assets	(471,611)	(486,172)
Operating costs	(5,941,109)	(5,702,716)
OPERATING PROFIT	4,433,683	4,762,054
Goodwill amortisation	(275,774)	(263,573)
Provisions for risks and charges	(273,574)	(230,293)
Net writedowns of loans and provisions for guarantees and commitments	(890,770)	(957,279)
Provision to loan loss reserves	0	(43,931)
Net writedowns of financial investments	(5,456)	(10,352)
Provisions, writedowns and write-backs	(1,445,574)	(1,505,428)
PROFITS BEFORE EXTRAORDINARY ITEMS AND TAX	2,988,109	3,256,626
Extraordinary profit (loss)	217,703	214,599
Change in fund for general banking risks	130,371	3,841
PRE-TAX PROFIT	3,336,183	3,475,066
Income tax for the year	(1,036,262)	(1,385,621)
NET PROFIT FOR THE YEAR	2,299,921	2,089,445
Minorities	(169,405)	(128,865)
NET PROFIT OF THE GROUP	2,130,516	1,960,580

(€ thousands)

Calculation of value added	2004	2003
REVENUES		
Interest income and similar revenues	9,512,280	9,541,310
Commission income	3,854,175	3,877,743
Other revenues		
- Dividends and other net operating income	226,559	286,185
- Trading profits or losses	993,390	1,287,537
- Profit (loss) from equity investments valued using the equity method	53,873	6,994
- Other operating income	1,114,199	986,099
1. Total gross production	15,754,476	15,985,868
CONSUMPTION		
Interest expense and similar charges	(4,592,503)	(4,746,808)
Commission expenses	(565,589)	(561,586)
Other operating expenses	(221,592)	(212,705)
Other administrative expenses	(1,810,998)	(1,662,592)
Provisions for risks and charges	(273,574)	(230,293)
Net writedowns (writebacks) of loans and provisions for guarantees and commitments	(890,770)	(957,279)
Provisions to loan loss reserves	0	(43,931)
Net writedowns (writebacks) of financial fixed assets	(5,456)	(10,352)
2. Total consumption	(8,360,482)	(8,425,546)
3. Gross characteristic value added	7,393,994	7,560,322
Extraordinary income	647,265	448,079
Extraordinary charges	(429,562)	(233,480)
Net extraordinary items	217,703	214,599
4. Inclusive Gross Value Added	7,611,697	7,774,921
Writedowns/writebacks for intangible and tangible fixed assets	(747,385)	(749,745)
5. Inclusive Net Value Added	6,864,312	7,025,176
Labour costs		
- Direct	(2,400,365)	(2,367,316)
- Indirect	(988,163)	(913,494)
Donations and gifts	(6,377)	(5,069)
Indirect and property taxes and duties	(263,595)	(268,073)
6. Income (loss) before taxes	3,205,812	3,471,224
Change in fund for general banking risks	130,371	3,841
Income taxes for the year	(1,036,262)	(1,385,620)
Minorities	(169,405)	(128,865)
7. Net profit for the year	2,130,516	1,960,580

(€ thousands)

Analysis of Inclusive Gross Value Added	2004	2003
REVENUE	15,754,476	15,985,868
CONSUMPTION	(8,360,482)	(8,425,546)
NET EXTRAORDINARY ITEMS	217,703	214,599
INCLUSIVE GROSS VALUE ADDED	7,611,697	7,774,921
Apportioned as follows:		
MINORITIES – Minority interest in consolidated profits	169,405	128,865
SHAREHOLDERS – Dividends distributed to Shareholders	1,281,791	1,080,419
HUMAN RESOURCES	3,399,528	3,292,310
Cost of labour:		
- Direct	2,400,365	2,367,316
- Indirect	988,163	913,494
Portion of net profit for the period allocated to reserves for Group staff medium term incentive schemes	11,000	11,500
State, public bodies and institutions	1,299,857	1,653,693
Indirect and property taxes and duties	263,595	268,073
Income tax for the year	1,036,262	1,385,620
THE COMMUNITY	16,127	15,069
Donations and gifts	16,127	15,069
CORPORATE STRUCTURE	1,444,989	1,604,565
Writedowns of fixed assets	747,385	749,745
Reserves and undistributed profits and change in fund for general banking risks	697,604	854,820
INCLUSIVE GROSS VALUE ADDED	7,611,697	7,774,921

Strategy and Value

The market value of the Group, at approximately €25,869 million¹, generally reflects our ability to develop and our potential, and is largely dependent on the strategy and actions announced in our 2004-2007 Business Plan.

As explained in the Social Report, these growth strategies and goals also have strong and diverse repercussions, due to the many relationships which we have built and consolidated over time with our principal stakeholders, who are increasingly the decisive factor for the attainment of our goals and thus the economic value expressed by the market. In other words, value derives from recognisable competitive advantage in the strategy, and this advantage, in turn, flows from the quality of our relations with specific counterparties.

Thus, evaluation of the ability to create value is closely linked to the credibility which the market assigns to our 2004 -2007 strategic plan.

We therefore calculate value creation as the difference between market value (ability to generate revenue over time) and risk remuneration (present value of the cost of capital employed).

This difference expresses how the market values our ability to generate extra revenue over time (i.e. revenue-generating ability in excess of average normal yield).

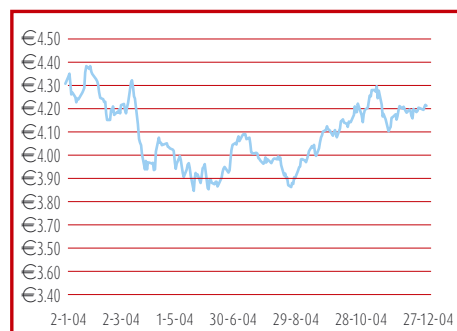
The calculation procedure is outlined in summary below.

- a) The market value is calculated as the arithmetical average of closing prices for UniCredit shares in 2004 over the whole year, so as to:
 - evaluate the trend of the share price over a period long enough not to be unduly affected by market fluctuations;
 - maintain consistency with the accounting period.

The average market price thus calculated is approximately €4.08, and the number of shares considered is over 6 billion. We therefore arrive at a market value of approximately €25,869 million.

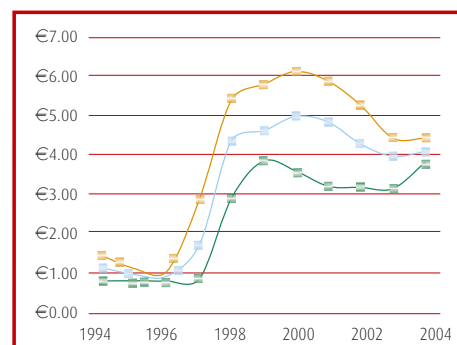
Share Price

2004



■ Average weighted price of ordinary shares

1994 - 2004



■ max. price
■ average price
■ min. price

¹ To define the market value, we have used the arithmetical average of closing prices during the course of 2004. The number of shares taken into account is the reference value at the end of the report period.

b) The risk remuneration value is the return expected by investors on investments with a risk profile similar to that of UniCredit. Theoretically, the market values the share over a time span comparable to that considered by the shareholders in setting their expectations.

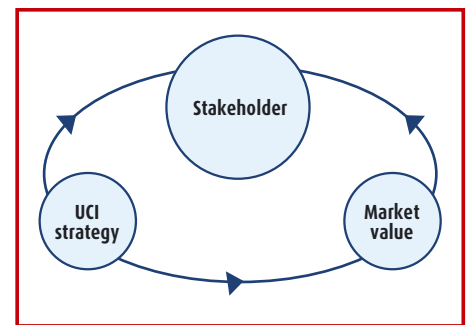
Risk remuneration is calculated as the present value of the cost of capital employed, net of self-financing, taking account of:

- growth projections for loans, portfolio securities, Assets Under Management and securitisation transactions;
- the Group's capitalisation objectives².

For the sake of clarity, it is useful to illustrate the calculation by distinguishing between two elements:

- the value of capital employed over time – this represents, for each year, the extent to which the Group finances its activities with its own resources, in line with its capitalisation objectives.
- the cost of capital employed – this is obtained by multiplying the value of capital employed by the cost of risk capital (K_e). The cost of the risk capital in 2004 was 8.58%, obtained by adding the risk-free interest rate of 3.83% to the 4.75% risk premium on investment in UniCredit shares. The rate is kept constant in the short term, and gradually increased over the medium term until it reaches the *terminal value* (11.5%). The cost of the risk capital is also used as the discount rate.

The *risk remuneration* value obtained by the procedure described above is €16,369 million.



Accordingly:

Market value €25,869 million	—	risk remuneration €16,369 million	=	Value Creation €9,500 million
---------------------------------	---	--------------------------------------	---	--

Value creation for 2004 increased by 1.28% compared with the previous year owing to a 3.5% increase in market value and a 4.8% increase in risk remuneration.

² The analysis is carried out for each company of the Group, since the value at consolidated level is the sum of the income generated by each individual unit.

The Value of Relationships

The market prices our capacity to generate extra revenue over time at €9.5 billion euros.

This value is directly attributable to two specific components that reflect on the one hand our systemic value creation ability, i.e. the ability to generate value of any banking company, and on the other hand the value creation ability directly attributable to the specific, distinctive competences of UniCredit.

From this second point of view, our strategic plan aims to strengthen four main value drivers associated with UniCredit's specific, distinctive competences:

- Ability to develop the business – the Group's ability to increase its market share in all its customer segments, in particular private customers, small businesses and the corporate segment.
- Product range, channels and markets – the ability to manage a range of products, a network of differentiated distribution channels and a network in numerous countries, so as to offer higher value added services to the Group and its customers.
- Diversification and integration – is the ability to maximise the effectiveness of our specialised offerings while simultaneously leveraging Group synergies.
- Organisational efficiency – is the ability to manage all available resources effectively, seeking to minimise waste and costs, and simultaneously ensuring high levels of service and satisfaction.

These distinctive abilities are developed over time and promoted through the quality of present and future relationships established with specific counterparties. Amongst these counterparties, in our strategy we have given priority to our employees and our customers.

In other words, we believe that the quality of relationships which we have succeeded in achieving thus far must be maintained in the near future, since these play an extremely significant role in determining value creation (€9.5 billion) at UniCredit: in other words, our relations with our stakeholders generate value.

Sustainability Indexes

In 2004, our commitment to pursue socially responsible strategies once again enabled UniCredit to be included in the following sustainability indexes:

- Dow Jones Sustainability World Index, the global index promoted by the American Dow Jones and the Swiss SAM (Sustainability Asset Management);
- FTSE4Good Index Series, Europe and Global, the indices launched by the Financial Times and the London Stock Exchange.



Corporate Governance

A business undertaking must be a place where those involved pursue and reconcile objectives of which the main one is to create value. Value for all those who 'invest' in the corporate project and who, by their active and interested participation, bring about its social legitimization. We must therefore constantly balance and reconcile the various interests represented and underpinned by our business.

Corporate Governance at UniCredit means a set of procedures that identify and manage conflict or the diverging interests of the many parties with whom we have or may have economic relations. We do not mean only the relationships and duties that bind directors and shareholders, but also our employees, customers, and suppliers, as well as the community as a whole.

One change we made in 2004 was an example of this effort. Responsibility for audit was transferred from the CEO – whose role is to determine corporate strategy and direct operations – to the Chairman, who under our bye-laws has no operational role. This change represents the end point of a process designed to minimise potential conflicts of interest, and is aimed at ensuring that there is separation between those who carry out internal controls and those who are subject to them.

Generally speaking, our system of Corporate Governance is defined by taking account of current legislation and the relevant recommendations issued by the Italian Stock Exchange. The Group has a Self-Regulation Code for financial intermediaries providing investment services, adheres to the banking and financial sector Code of Conduct drawn up by ABI and the Self-Regulation Code for listed companies. It has also drawn up a code of conduct on internal dealing, with the objective of monitoring financial transactions carried out by individuals who hold key positions within the Group.

The Shareholders' Meeting

UniCredit's shareholders are a varied group of investors.

There are no shareholders' agreements between shareholders owning more than 2% of the shares, nor are there any shareholders with controlling interests in the Company.

At 31 December 2004, according to the Register of Shareholders:

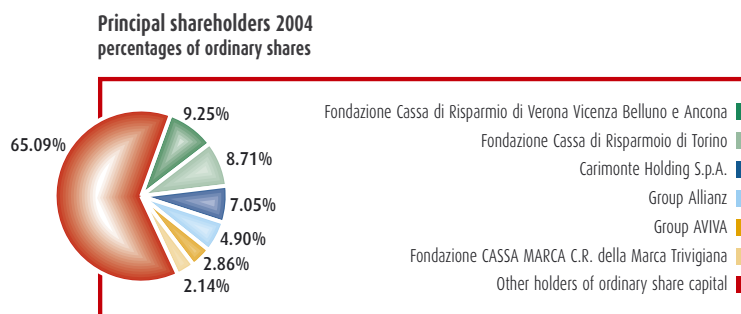
- there were approximately 243,000 shareholders;
- domestic shareholders owned approximately 62% of the share capital, and foreign shareholders the remaining 38%;
- 87% of the ordinary share capital was held by corporate entities, and the remaining 13% by individuals.

While there is a wide variety of means of communicating with shareholders, the shareholders' meeting still is the key opportunity for establishing a mutually beneficial dialogue between directors and shareholders, and to this end UniCredit strives to ensure conditions which will effectively facilitate the participation of small shareholders in the company's most important decisions.

In particular, Article 13 of our Articles of Association allows anyone entitled to take part in the meeting to be represented by a third party, who need not be a shareholder, without any need for authentication of the proxy. In making this provision, UniCredit, in compliance with current legislation, expressly avoided any red tape that might hinder the direct or indirect participation of its shareholders. It was thus decided to promote participation by doing away with measures which, if retained, would have contributed to an increase in the rate of absenteeism of small shareholders.

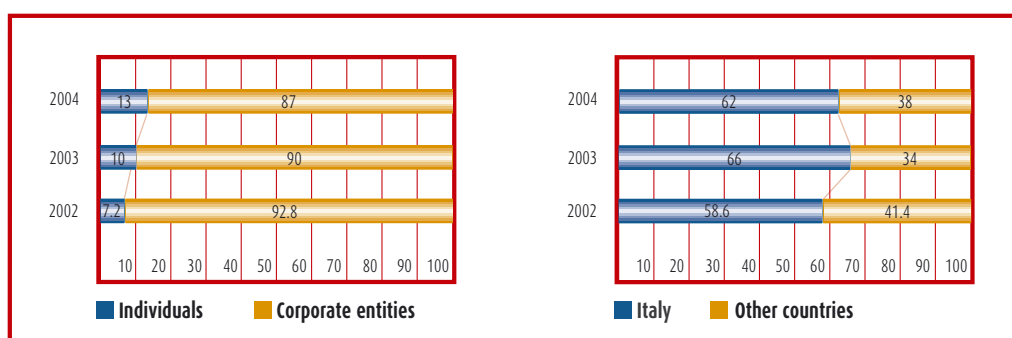
 www.unicredit.it

The Regulations for Meetings of Shareholders
can be downloaded from



Share capital 2004

	Shares	€
Total shares	6,336,709,283	3,168,354,642
Ordinary shares	6,315,002,731	3,157,501,366
Savings shares	21,706,552	10,853,276

Breakdown of Shareholders (%)**The Board of Directors**

The Board of Directors is responsible for the management of the Company through a series of powers defined by law and by the Shareholders' Meeting. In addition, the Board of Directors can exercise the powers defined by Art. 23 of our Articles of Association (see www.UniCredit.it).

The Board of Directors consists of nine to twenty members with a mandate of three years, unless a shorter period is set at the time of appointment.

In 2004, the Board of Directors held 13 meetings. The average attendance was 85%, and the average meeting duration was approximately 2 hours.

Meetings of the Board of Directors are called by the Chairman, or by any person taking his place in accordance with Art. 21 of the Articles of Association, and in cases of urgency may even be called via telegram or fax.

Notice of the calling of a meeting must be forwarded to all directors, with reasonable notice except in cases of urgency. In order to permit considered and informed participation, the notice must generally contain the agenda listing all items to be discussed, accompanied by appropriate supporting documentation. At least 24 hours in advance of the meeting, the directors are also supplied with the documentation and information necessary to enable them to take an informed view on the matters to be debated.

The Board of Directors 2004

	Position	Place and date of birth	Qualifications
Carlo Salvatori *	Chairman	Sora (FR), 7.07.1941	Bachelor's Degree in Economics and Commerce and in Banking Sciences
Alessandro Profumo **	Managing Director/CEO	Genoa, 17.02.1957	Bachelor's Degree in Business Economics
Eugenio Caponi *	Deputy Vice Chairman	Florence, 8.03.1936	Bachelor's Degree in Jurisprudence
Franco Bellei *	Vice Chairman	Modena, 24.04.1944	Bachelor's Degree in Biological Sciences and in Sociology
Fabrizio Palenzona *	Vice Chairman	Novi Ligure (AL), 1.09.1953	Bachelor's Degree in Jurisprudence
Roberto Bertazzoni **	Director	Guastalla (MO), 10.12.1942	Bachelor's Degree in Economics and Commerce
Vincenzo Calandra Buonauro	Director	Reggio Emilia, 21.08.1946	Bachelor's Degree in Jurisprudence
Mario Cattaneo	Director	Genoa, 24.07.1930	Bachelor's Degree in Economics and Commerce
Philippe Citerne	Director	Lens Pas de Calais, 14.04.1949	Bachelor's Degree in Economic Sciences
Ambrogio Dalla Rovere	Director	Thiene (VI), 15.01.1940	Accountancy Diploma
Giovanni Desiderio	Director	Bosconero (TO), 4.05.1948	Surveyor Diploma
Guidalberto di Canossa	Director	Verona, 31.07.1949	Bachelor's Degree in Political Sciences
Francesco Giacomini **	Director	San Polo di Piave (TV), 2.08.1951	Bachelor's Degree in Jurisprudence
Piero Gnudi	Director	Bologna, 17.05.1938	Bachelor's Degree in Economics and Commerce
Mario Greco **	Director	Naples, 16.06.1959	Bachelor's Degree in Economics and Commerce
Luigi Maramotti	Director	Reggio Emilia, 12.03.1957	Bachelor's Degree in Economics and Commerce
Gianfranco Negri-Clementi	Director	Rome, 12.06.1931	Bachelor's Degree in Jurisprudence
Carlo Pesenti **	Director	Milan, 30.03.1963	Bachelor's Degree in Mechanical Engineering
Giovanni Vaccarino	Director	Tronzano (VC), 1.04.1941	Bachelor's Degree in Political Sciences
Anthony Wyand	Director	Crowborough (UK), 24.11.1943	BA 1st Class Honours, MA King's College

* member of the Management Committee and of the Executive Committee

** member of the Executive Committee

Independent Directors

Art. 3 of the Self-Regulation Code for Listed Companies defines as independent Directors those who:

- a) do not entertain, directly or indirectly or on behalf of third parties, nor have recently entertained business relationships with the company, its subsidiaries, the executive directors or the shareholder or group of shareholders who controls the company of a significance able to influence their autonomous judgement;*
- b) neither own, directly or indirectly or on behalf of third parties, a quantity of shares enabling them to control the company or exercise a considerable influence over it nor participate in shareholders' agreements to control the company;*
- c) are not immediate family members of executive directors of the company or of persons in the situations referred to in points a) and b).*

This definition has been incorporated into the Regulations, demanding the prerequisite of independence on the part of Directors called upon to carry out particular functions in relation to matters of internal control, appointments to company bodies and remuneration of the appointees, and top management within the Group.

On the basis of the information received, the Board of Directors of the Company has established that conditions for the status of "independent director" are satisfied by 16 Directors (Messrs Carlo Salvatori, Eugenio Caponi Franco Bellei, Fabrizio Palenzona, Roberto Bertazzoni, Giovanni Desiderio, Vincenzo Calandra Buonauro, Guidalberto di Canossa, Mario Cattaneo, Philippe Citerne, Ambrogio Della Rovere, Francesco Giacomini, Piero Gnudi, Achille Maramotti Carlo Pesenti and Giovanni Vaccarino. On 27 January the Board of Directors co-opted Director Luigi Maramotti to replace Director Achille Maramotti, deceased. Director Luigi Maramotti also asked to be admitted as an Independent Director.

Directors

	2004
Total of Directors	20
Of which: - independents	16
- executives	1
- non executives	19

In accordance with the Self-Regulation Code for Listed Companies drawn up by Borsa Italiana S.p.A., the Directors accept the post when they consider themselves capable of devoting the necessary time to the diligent performance of their duties, taking account also of the number of directorships or appointments as statutory auditor that they hold in other companies. Below is a list of the directorships

and appointments as statutory auditors that some of our Directors hold in other companies listed on regulated markets, including foreign markets, in financial, banking or insurance companies or companies of a large size:

Carlo Salvatori – Chairman of the Board of Directors

- Chairman of the Board of Directors of CreditRas Vita
- Chairman of the Board of Directors of CreditRas Assicurazioni
- Vice Chairman and Member of the Executive Committee of Mediobanca
- Member of the Board of Directors of Ras S.p.A.
- Member of the Board of Directors of Associazione Bancaria Italiana

Eugenio Caponi – Deputy Vice Chairman

- Chairman of the Board of Directors of UniCredit Clarima Banca S.p.A.
- Member of the Board of Directors of UniCredit Banca Mobiliare S.p.A.
- Member of the Board of Directors of UniCredit Xelion Banca S.p.A.
- Member of the Board of Directors of Associazione Bancaria Italiana

Franco Bellei - Vice Chairman

- Chairman of Privata Leasing
- Vice Chairman and Member of the Executive Committee of Banca dell'Umbria 1462 S.p.A.
- Vice Chairman and Member of the Executive Committee of UniCredit Banca S.p.A.
- Member of the Board of Directors of Carimonte Holding S.p.A.
- Member of the Board of Directors of Aereoporto G. Marconi of Bologna
- Member of the Board of Directors of the Executive Committee of Cassa di Risparmio di Carpi S.p.A.
- Member of the Board of Directors of Associazione Bancaria Italiana
- Member of the Board of Directors of Nomisma

Fabrizio Palenzona - Vice Chairman

- Chairman of the Board of Directors of Commercial Union Italia S.p.A.
- Chairman of FAI
- Chairman AISCAT
- Member of the Board of Directors of RETE AUTOSTRADE MEDITERRANEE S.p.A.
- Member of the Board of Directors of Schemaventotto S.p.A.
- Member of the Board of Directors of Associazione Bancaria Italiana

Alessandro Profumo - Managing Director/CEO

- Member of the Board of Directors of Mediobanca S.p.A.
- Chairman of UniCredit Banca Mobiliare S.p.A.
- Vice Chairman of UniCredit Xelion Banca S.p.A.

- Member of the Board of Directors of Olimpia
- Member of the Board of Directors of the Executive Committee of UniCredit Banca S.p.A.
- Member of the Board of Directors of the Executive Committee of UniCredit Banca d'Impresa S.p.A.
- Member of the Board of Directors of the Executive Committee of UniCredit Private Banking S.p.A.
- Member of the Board of Directors of Koç Holding
- Member of the Board of Directors of the Executive Committee of ABI;
- Member of the Supervisory Board of Deutsche Boerse;
- Member of the Investment Advisory Council for Turkey

Roberto Bertazzoni

- Chairman and Managing Director of SMEG S.p.A.
- Member of the Board of Directors of RCS Media Group
- Member of the Board of Directors of UniCredit Banca S.p.A.

Vincenzo Calandra Buonauro

- Chairman of Carimonte Holding S.p.A.
- Vice Chairman of UniCredit Private Banking
- Member of the Board of Directors of Cassa di Risparmio di Carpi S.p.A.
- Member of the Board of Directors of UniCredit Banca S.p.A.

Mario Cattaneo

- Chairman of CBI Factor S.p.A.
- Member of the Board of Directors of La Finanziaria Bonsel S.p.A.
- Member of the Board of Directors of Banca Lombarda S.p.A.
- Member of the Board of Directors of ENI S.p.A.
- Member of the Board of Directors of Luxottica S.p.A.

Philippe Citerne

- Chief Executive Officer of Société Générale Group
- Member of the Board of Directors of Credit du Nord
- Member of the Board of Directors of Geneval
- Member of the Board of Directors of SG Hambros Bank & Trust Ltd
- Member of the Board of Directors of TCW

Giovanni Desiderio

- Vice Chairman of UniCredit Banca d'Impresa S.p.A.

Piero Gnudi

- Chairman of Rai Holding
- Chairman of Enel S.p.A.

- Chairman of Enel Facility Management S.p.A.
- Chairman of Enel Real Estate S.p.A.
- Chairman of Wind Telecomunicazioni S.p.A.
- Chairman of Emittenti Titoli S.p.A.
- Vice Chairman of UniCredit Banca d'Impresa S.p.A.
- Managing Director of Carimonte Holding S.p.A.
- Member of the Board of Directors of UniCredit Banca S.p.A.
- Member of the Board of Directors of Fondazione IRI
- Liquidator of Filippo Fochi S.p.A.

Mario Greco

- Chairman of Ge.Si. Scpa
- Managing Director and General Manager of RAS – Riunione Adriatica di Sicurtà S.p.A.
- Vice Chairman of Allianz Subalpina S.p.A.
- Vice Chairman of Rasbank S.p.A.
- Vice Chairman of AGF RAS Holding BV
- Vice Chairman of RAS International NV
- Member of the Board of Directors of Allianz Compania de Seguros y Reaseguros
- Member of the Board of Directors of Allianz Suisse Versicherungen
- Member of the Board of Directors of Allianz Suisse Lebensversicherungs
- Member of the Board of Directors of Fastweb S.p.A.
- Member of the Board of Directors of Indesit Company S.p.A.
- Member of the Board of Directors of Pirelli & C. S.p.A.
- Member of the Board of Directors of IFIL S.p.a

Achille Maramotti

- Chairman of the Board of Directors of Max Mara Fashion Group S.r.l.
- Chairman of the Board of Directors of Max Mara Finance S.r.l.
- Vice Chairman of the Board of Directors of Credito Emiliano
- Member of the Board of Directors of Mediobanca S.p.A.
- Member of the Board of Directors of UniCredit Banca S.p.A.

Gianfranco Negri-Clementi

- Member of the Board of Directors of Rasbank S.p.A.
- Member of the Board of Directors of UniCredit Audit S.p.A.
- Member of the Board of Directors of Perfetti Van Melle S.p.A.
- Member of the Board of Directors of Telecom Italia Media S.p.A.
- Member of the Board of Directors of Gum Base S.p.A.

Carlo Pesenti

- Director General and Member of the Board of Directors of Italmobiliare S.p.A.
- Member of the Board of Directors of the Executive Committee of Italcementi S.p.A.
- Member of the Board of Directors of Ciments Français S.A.
- Member of the Board of Directors of Mediobanca S.p.A.
- Member of the Board of Directors of RCS Media Group S.p.A.
- Member of the Board of Directors of BPU Banca S.p.A.
- Vice Chairman and Member of the Board of Directors of BravoSolution S.p.a.
- Member of the Board of Directors of BravoSolution Espana S.A.

Anthony Wyand

- Director of Grosvenor Holdings
- Director of Société Générale
- Director of Société Foncière Lyonnaise SA
- Director of Adyal

Francesco Giacomini

- Managing Director of ACEGAS - APS
- Member of the Board of Directors of ABI

Ambrogio Dalla Rovere

- Member of the Board of Directors of UniCredit Banca
- Member of the Board of Directors of Verona Gestioni SGR S.p.A. (Cattolica Assicurazioni)

Committees

In order to favour a system of information and consultation which will enable the Board of Directors to perform its functions as well as possible, two committees have been set up for different areas of responsibility.

Remuneration and Appointments Committee

The Committee has inquiry, proposal and consultation powers. It expresses opinions on the identification of proposals for the remuneration of directors appointed to particular offices within the company and in the companies of the Group, as well as linking part of the remuneration of the Chief Executive Officer and General Managers of the subsidiary Banks to the attainment of objectives pre-established by the Boards of Directors. The Committee comprises six members, including, by right, the Chairman of the Board of Directors, the Vice Chairmen and the Managing Director. The other members of the Committee are appointed by the Board of Directors from its own non-executive members.

At 31 December 2004, the Committee consisted of Messrs Carlo Salvatori, Alessandro Profumo, Franco Bellei, Eugenio Caponi, Fabrizio Palenzona, Achille Maramotti and Gianfranco Negri-Clementi. Following the death of Director Achille Maramotti, Director Carlo Pesenti was appointed as a member.

During the course of 2004 the Committee met on 12 occasions, and the average duration of each meeting was approximately 30 minutes. The average attendance was 89.2%.

The Chief Executive Officer, Mr Alessandro Profumo, attended all the meetings.

During the course of the meetings held in 2004, the Committee expressed opinions mainly on matters relating to the appointment of members to the Boards of Directors of the Companies of the Group and appointments and movements in the Senior Management of the Group.

Audit Committee

The Committee assists the Board of Directors in defining the framework of internal control systems and in periodically verifying their adequacy and effective functioning, as well as in defining and managing the key business risks. Under the existing regulations, the Chairman of Board of Directors and the Deputy Vice Chairman are members of the Committee.

At 31 December 2004, the members of the Committee were Messrs Carlo Salvatori, Eugenio Caponi, Mario Cattaneo, Achille Maramotti and Gianfranco Negri-Clementi.

During the course of 2004 the Committee met on 7 occasions, and the average attendance was 88.5%.

Mr Alessandro Profumo and Mr Gian Luigi Francardo, Chairman of the Board of Auditors, attended 6 meetings of the Committee by invitation. The following parties also attended meetings by invitation: Mrs Elisabetta Magistretti, Chief Administrator; Mr Franco Grosso, Chief Auditor for the Group (present at 7 meetings); Mr Franco Leccacorvi, Chief Accountant (4 meetings); and Mrs Maurizia Angelo Comneno, Head of Corporate and Legal Affairs (1 meeting).

Board of Auditors

The Board of Auditors is the company's Supervisory Body. It audits the Company's management practices from a legal, management and financial point of view in order to ensure that the decisions taken by the Directors comply with statutory regulations and the principles of good administration and are compatible with the company's objects.

The appointment of serving and substitute members of the Board of Auditors takes place on the basis of lists submitted by a number of shareholders representing at least 1% of shares carrying voting rights.

A list of the shareholders who have submitted lists can be found on the website www.unicredit.it, together with details of the listed companies with which the Auditors hold office.

During the course of 2004 the Board of Directors met on 22 occasions, with an average duration of approximately 4 hours for each meeting.

Legislative Decree 231/2001

In 2004 work was completed to provide UniCredito Italiano with an Organisation and Management matrix satisfying the criteria established by Legislative Decree 231/2001.

As is well-known, this legislation introduced into the Italian legal system the principle of corporate liability on the part of companies for certain crimes committed in their interest or to their advantage by persons holding high office in the company concerned or by persons subject to their authority.

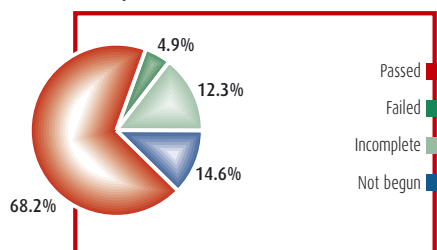
However, Decree 231/2001 establishes that the company can avoid liability if it can demonstrate that:

- it has adopted and effectively implemented suitable organisation and management structures to prevent crimes of the type found to have occurred;
- it has entrusted to an internal independent body the task of overseeing the functioning and observance of these structures and keeping them up to date;
- the persons concerned committed the crime by fraudulently evading the constraints provided by the company's organisation and management structures;
- there was no "omission of or insufficient surveillance" on the part of the above body.

The structure approved by the Board of Directors in May 2004 consists of one general section and a number of "decisional protocols" annexes. The general section sets out, among other things, the working methodology followed to arrive at the adoption of the structure, the composition and duties of the supervisory Body, the flows of information from and to the Body, and the disciplinary system put in place for the purpose of applying sanctions in the event of non-compliance with the principles set out in the structure. The "decisional protocols" set out the procedures to be followed in the conduct of activities where the Company is at risk of infringing such rules.

Organisation and management structures for the other companies of the Group are currently in the course of development.

Participants in the on-line course 2004*



* The course lasted 1½ hours. These figures refer to UniCredito Italiano personnel only.

Board of Directors, Board of Auditors as at 14 March 2005**Board of Directors***Chairman*

Carlo Salvatori*

*Deputy Chairmen*Eugenio Caponi* (with deputy functions)
Franco Bellei*
Fabrizio Palenzona**Managing Director/CEO*

Alessandro Profumo**

*Directors*Roberto Bertazzoni**
Vincenzo Calandra Buonauro
Mario Cattaneo
Philippe Citerne
Ambrogio Dalla Rovere
Giovanni Desiderio
Guidalberto di Canossa
Francesco Giacomini**
Piero Gnudi
Mario Greco**
Luigi Maramotti
Gianfranco Negri-Clementi
Carlo Pesenti**
Giovanni Vaccarino
Anthony Wyand*Company Secretary*

Marco Fantazzini

* Member of the Managing Committee
and the Executive Committee

** Member of the Executive Committee

Board of Auditors*Chairman*

Gian Luigi Francardo

*Statutory Auditors*Giorgio Loli
Aldo Milanese
Vincenzo Nicastro
Roberto Timo*Alternate Auditors*Giuseppe Armenise
Marcello Ferrari**External Auditors**

KPMG S.p.A.

**General Management and Managers of the Main Operating Divisions
and Head Office Departments as at 14 March 2005**
General Management
Managing Director/CEO

Alessandro Profumo

Group Deputy General Managers

Paolo Fiorentino

Dario Frigerio

Andrea Moneta

Roberto Nicastro

**Managers of the Main Operating Divisions
and Head Office Departments**
Retail Division

Roberto Nicastro

Corporate and Investment Banking Division

 Alessandro Profumo
(ad interim)

Private Banking and Asset Management Division

Dario Frigerio

New Europe Division

Andrea Moneta

Global Banking Services Division

Paolo Fiorentino

Corporate and Legal Affairs

Maurizia Angelo Comneno

Group Audit

Franco Grosso

Corporate Identity

Pier Luigi Celli

Credits

Fausto Galmarini

Administration

Elisabetta Magistretti

Planning and Finance

Ranieri de Marchis

Human Resources

Antonio Andrea Monari

Group Information Systems

Umberto Quilici

Accounts

Franco Leccacorvi

The Organisational Structure

The organisational structure of UniCredito Italiano Group is founded on strategic choices made on the basis of the 'S3 Project' which, in establishing the segment Divisions, entailed the need to bring the Business Units operating chiefly within a specific segment within the boundaries of the respective Divisions, with the additional aim of maximising economies of scale and scope and ensuring excellence of corporate governance, thus achieving greater capacity to propose and articulate strategic moves, including at international level, on specific reference markets.

Against this background, the UniCredit Parent Company has responsibility for maximising the Group's overall value by providing unified governance, strategic direction and control of the various companies, management of the profit centres falling within its scope, overall control of cost structures and efficient delivery of the Group's shared services.

The organisational changes brought about during the course of 2004 represent a further step forwards in the process of reorganisation begun with the S3 Project, with a view to achieving, in particular, ever greater co-ordination in crucial areas for the Group by ensuring rigorous control of costs and better focus on revenue growth and innovation in service and product models.

To this end, a new Division named Global Banking Services (GBS) has been set up within the Parent Company to optimise Group cost structures and internal processes by maximising synergies and savings and ensuring maximum operating efficiency, as well as providing strategic support for the sustainable growth of the Group business.

Business Divisions

The Business Divisions are comprised of Business Units which primarily service the needs of a specific customer segment. They oversee four business areas.

Retail Division

The Retail Division is comprised of UniCredit Banca and its subsidiaries, such as UniCredit Clarima Banca and UniCredit Banca per la Casa. The Division also includes all the insurance companies in which UniCredit has a material holding and which are functional to the distribution of specific products.

Corporate and Investment Banking Division

The Corporate and Investment Banking Division is comprised of UniCredit Banca d'Impresa, the Group's Investment Bank (UBM), Locat and UniCredit Banca Mediocredito. The Division also includes UniCredit Factoring, UniCredit Broker and the other holdings allocated to UniCredit Banca d'Impresa, as well as the Network of Foreign Branches.

Private Banking and Asset Management Division

The Private Banking and Asset Management Division is comprised of UniCredit Private Banking, the sub-holding company Pioneer Global Asset Management and UniCredit Xelion Banca. The Division also includes the Group's foreign units specialising in private banking, Fiduciaria Cordusio other subsidiaries assigned to UniCredit Private Banking, as well as UniCredit International Bank (Luxembourg), a subsidiary of UniCredit also part of the Private Banking Division.

New Europe Division

The New Europe Division focuses on the planning and co-ordination of the Group's Banks and Companies in Central and Eastern Europe. It is responsible for the promotion and management of Retail and Corporate banking activities on the target foreign markets with the goal of maximising the Group's value, adjusted for risk-related costs, and becoming the leading Banking Group in New Europe. The Division also supports the Banks in the development of strategic and operational plans, in management control activities, and in the implementation, together with the Credit Department, of best-in-class credit management methodologies, processes and tools, as well as in defining organisational change plans and in the development of information systems.

Global Banking Services

Global Banking Services Division

The primary objective of the Global Banking Services is to:

- provide strategic support for the sustainable growth of the Group's business by ensuring the quality of the services supplied and generating added value for the benefit of all Group companies;
- optimise the Group's cost structures and internal processes, maximising synergies and savings and ensuring maximum operating efficiency.

The Division is comprised of Human Resources and Group Information Systems together with the Group's IT services Company (USI), the International Services Department and the Organisation and Quality Department. In addition it provides cost management, purchasing and security functions, the Group's centralised production Company (UPA), the real estate Companies, the credit collection Company (UGC), the Company responsible for the award of service contracts for the collection of taxes and duties, and I.Faber, which provides procurement management services through the "Marketplace".

Head Office Departments**Corporate and Legal Affairs Department**

Corporate and Legal Affairs is responsible for ensuring compliance with all legal and corporate requirements, monitoring any changes in legislation and ensuring consistent interpretation of the rules at Group level and providing oversight, independent of the business areas, of the Group's compliance risks. The Department therefore defines the best practices for implementing the Group's acquisition and restructuring plans, constantly monitors changes in legislation, formulates opinions, identifies, evaluates and monitors the Group's overall compliance risks, drafts contracts for infra-group services and provides general legal advice.

Group Audit Department

Group Audit is responsible for helping to protect the Group's assets and financial position by supplying a 'reasonable guarantee' that the organisation is capable of efficiently achieving its objectives. The Department therefore evaluates, at Group level, the quality of the overall System of Internal Controls and the effectiveness and efficiency of operating processes. In addition it ensures that the business is run properly and in accordance with the law, regulations and the policies of the Parent Company.

Corporate Identity Department

Corporate Identity is responsible for formulating and disseminating a strong Group identity through brand co-ordination, the management of public and institutional relations, the management of internal communication in collaboration with Human Resources, public communication, the development of the Group's environmental policy, the preparation of the Social and Environmental Report, the co-ordination of local Committees and co-ordination of relations with the Unidea Foundation.

Credits Department

Credits is responsible for strategic planning in the area of credit risk management and control, overseeing the assessment of the creditworthiness of major groups, the planning and implementation of excellent processes and tools for the loan approval process, monitoring and recovery, and the management of major loan restructuring.

Administration Department

Administration, which includes the Accounts area, is responsible for accounting compliance for the Parent Company and on a consolidated basis, overseeing accounting policies and standards, reports to regulatory authorities, the Group's tax strategies, the Parent Company's tax compliance, compliance with respect to the Group's equity investments and the management of operational risk.

Planning and Finance Department

Planning and Finance, which includes Group Finance, is responsible for Asset and Liability Management, Group Treasury with centralised management of sources of funding and co-ordinated access to capital markets for all Group banks, the Parent Company's planning and control activities, and the co-ordination of securitisation transactions and issuance of new asset mobilisation products. The Department is also responsible for co-ordination of the planning process at Group level, Investor Relations activities, Mergers and Acquisitions and business development, management of market risks, consolidation of overall risks and the associated process of capital allocation.

Human Resources Department

Human Resources, which falls under the GBS Division, is responsible for supporting the Group's strategic and organisational development and optimising the human capital of the Parent Company and individual entities by providing the capacity to recruit, keep and develop high quality human resources and ensuring the close, consistent management of payroll costs. This Department provides the entire Group with a consistent organisational structure, development and management policies for human resources, optimal management and development of Key Resources and High Potential Resources, management of union relations in Italy and questions of labour law, and management of pension matters through functional co-ordination of the Group Pension Fund.

Group Information Systems Department

Group Information Systems, which falls under the GBS Division, is the control and operating centre for the planning and coordination of the Group's Information and Communication Technology (ICT) area. In particular, the goal of this department is to ensure the consistency of growth strategies of technological and IT architecture, provide uniform oversight of the Group's IT plans and related cost and investment budgets, maximise cost synergies in the IT area, dictate Group standards and facilitate the integration of hardware and software solutions. In addition, Group Information Systems supervises and provides functional coordination for the Group's IT service company (USI) and serves as the uniform functional ICT reference point for Group business units that do not use USI.

Further information

Further information about corporate governance is available on our website, which provides a variety of important data in the company profile, in the special Corporate Governance section, at www.unicredit.it

For navigation around the website, below is a table of the documents available.

SUBJECT	DOCUMENTS
Corporate Governance	Annual report on the Corporate Governance system and subscription to the Self-Regulation Code for Listed Companies
Articles of Association and Regulations	UniCredit Articles of Association, Regulations for Meetings
Shareholders	Summary descriptive tables
Board of Directors and Board of Auditors	Summary descriptive tables
Committees	Summary descriptive tables
Timetable of meetings	Summary descriptive sheets
Internal dealing	Codice di internal dealing
Risk management	Report on capital management and risk management
IAS Project	Summary fact sheets

The UniCredit Integrity Charter

How the Charter was Drawn Up

The idea for an Integrity Charter was launched by our Top Management. It gradually grew to involve other areas of our organisation. The aim was to achieve overall convergence of UniCredit's values and mission with distinctive business conduct which in our day-to-day dealings would clearly signal our unique identity and build our reputation.

We set up a working group, bringing together internal and external expertise, to act as a meeting-point for the selection of topics to be discussed and behavioural dilemmas to be examined. It summarised and circulated the thoughts and contributions made at all levels. The members of the group were drawn from various areas within the Parent Company and the main banks and companies, as well as from the "Fondazione Eni Enrico Mattei" under the guidance and scientific supervision of Professor Giulio Sapelli (who teaches Economic History at the University of Milan).

The members of the Strategic Committee have been regularly informed of the results of the Working Group's activities, with the aim of improving the draft using structured observations from the whole management spectrum of the business.

The members of the Strategic Committee and some members of the Board of Directors were also interviewed in depth, with a view to revealing a kind of substrate of the values of people in top positions.

With the same purpose of creating broad involvement in the project, questionnaires were distributed throughout the organisation in order to identify actual cases of especially critical situations encountered in the course of day-to-day business. A special area was set aside on the Group portal to enable all our people to find out about the work and its various stages. We also provided specific communication channels on our Portal, so that people could give us their ideas and any comments or criticisms on the items we had published.

We also organised three seminars to discuss and exchange ideas with our Unions, who made a significant and constructive contribution to the process.

Work will continue in 2005 on the definition of procedures for handling breaches of the Charter.

Our approach is based on social sanctions, i.e., on the deterrent effect of collective censure on improper conduct, in an organisation with shared values and rules. Emphasis will thus be placed on personal example, which must be the way to spread good practices in line with our values.

Preamble

The UniCredit Integrity Charter sets out the principles that should direct and guide us in our daily business.

It provides a framework of values to draw on at critical junctures in our work. It is intended as a reference point for the management of problematic situations and dilemmas – not always covered by laws, regulations or internal procedures – and permits the expression of our own business personality by enhancing our professionalism while respecting the individual's freedom of action.

The Charter is the result of a process that began at the time of the reorganisation of the Group's Italian banks by customer segment. It started with the formulation of UniCredit's defining values and continued with the 'Values Lab' experiment, an important opportunity for dialogue on strategy and sense of direction.

The Integrity Charter seeks to:

- propose behaviours that help people govern their own conduct in those areas of our daily work where potential conflicts may arise between individual morality, business objectives and different cultures
- create cohesion by overcoming conflicts and disputes
- encourage the growth of shared feelings and experiences among all our colleagues.

Frame of Reference

UniCredit is the expression of the various cultures of the banks and companies that have joined the Group over the course of time. Even in their diversity, these cultures are united by continuous attention to the transformation of markets, focus on value growth, socially responsible practices and placing a high value on people and relationships.

The UniCredit style of governance is characterised by the adoption of transparent and constructive behaviours. These behaviours represent a precious asset, which the Integrity Charter is intended to preserve and strengthen.

I. Business, Freedom and Spheres of Justice

Businesses are constructs that are simultaneously complex and imperfect. Their complexity lies in the large numbers of people working in the business, the difficulty of maintaining consistency while pursuing common goals in often contradictory economic, political and social situations, and the necessity of representing interests that must then be reconciled with the history and needs of our business environment.

For these reasons, in market-oriented economies there is a constant effort to reduce the complexity and imperfection of businesses *inter alia* by setting up regulatory systems and rules of conduct designed to facilitate the use of a framework for responsible business dealings.

There are no quick and easy ways of getting rid of complexity and imperfection. We have to live with these facts daily without prejudging or closing our minds, leaving spaces open for discussion and dialogue and recognising that large organisations can give rise to an often imperceptible malaise related to the individual's invisibility, her or his lack of acknowledgment from colleagues, superiors and senior management. UniCredit is committed to reducing the level of this malaise and eventually overcoming it. This commitment should continually inform our culture, attitudes, practices and processes.

The more a business's culture and rules reflect keen attention to the individual's growth and well-being, the greater the opportunity for human and professional fulfilment. In this sense, a corporation can be a place that creates freedom.

Institutes, laws and regulations on the one hand, and procedures, agreements, sets of values and customary practices within the business on the other, represent a complex of rules of conduct designed to prevent fraud, theft, violence and breach of trust. Corporate governance is part of this system. Such a complex of rules, in order to be recognised and respected, requires continuous dialogue and negotiation with all involved parties and their representatives.

There is therefore a triple structure of rules and regulations to which a corporation must constantly refer. There are, so to speak, three spheres of justice, which, while retaining their individuality in terms of origin, share the same ideal aim of attempting to reduce the degree of imperfection in the business.

The first sphere is that of the complex of laws and government regulations, which control the conduct of the business in its relations with employees, customers, the market, competitors and the environment.

The second sphere of justice contains all those norms that derive from industrial relations, employment contracts, and the customary practices and rules that are codified within companies. This set of rules requires continuous dialogue and negotiation with all the people involved and their social representatives in order to be recognised and respected.

Finally, the third sphere of justice contains the values of which the Integrity Charter is the expression. This sphere does not replace the first two, but reinforces them, in that it exists alongside them and

provides additional responsibilities. For this is the sphere of personal responsibility. It details the roles, the duties, the expectations and the authoritativeness of all UniCredit's people. These are greater in direct proportion to the individual's assigned responsibilities and the influence that she or he exercises. This sphere has to pay special attention to investors and savers, and to social and cultural entities with interests that either conflict or are aligned with those of our business.

II. The Foundations of Integrity

For us, integrity means identifying with a core of strong values, which must influence our daily behaviour, and which help to create a perceived reputation in the market.

In this sense, integrity means respecting the rules established by the three spheres of justice described above, not because we fear sanctions, but because we are convinced that these form the basis of civil coexistence.

Integrity must also be accompanied by a necessary degree of freedom allowing people to continue to be inspired by their personal morals (e.g., their religion or their philosophical, political or social views, or their sexual orientation) and enabling the corporation to be open to cultural and social pluralism.

If everyone respects the value of integrity as we have described it, it can become a formidable element of cohesion and improvement for everyone in UniCredit, once it is a shared attitude, recognised from outside the Group as the basis of our reputation.

III. The Road from Profit to Integrity

The Integrity Charter applies to the people working in our business, who make a crucial contribution to the generation of profit and the development of relations between our business and society.

Profit is the essential precondition for the continuity and freedom of the business. It is not, however, sufficient per se, particularly in the long term: profit must be created with the integrity that promotes reputation both internally and externally.

This guarantee of integrity is a condition of sustainability, which makes it possible to transform profit into value for employees, customers, investors (current or potential shareholders and bondholders), local communities and the whole of the society with which the corporation tends to be on good terms.

It is therefore necessary, in our daily activities, to constantly refer to the values that we define as the foundations of integrity. These values are:

• Fairness	• Transparency	• Respect	• Reciprocity	• Freedom	• Trust
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These values should inform the behaviour of UniCredit people in their dealings with all their counterparties, including institutional entities such as government authorities and public officials. Above all, they also interact with the parties central to profit generation and the chain of social relations, which are the following:

• Employees	• Customers and Suppliers	• Investors	• Local Communities
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Fairness

Fairness in relation to Employees

- The principles of civil freedom – in other words, religious, political and cultural freedom, freedom of unionisation and freedom of sexual orientation – must always be respected. All discrimination in these areas must be eliminated and replaced with an appreciation of people's skills and ability. These principles must also be reinforced by a special effort to integrate and fully value people who join UniCredit either as new hires or as a result of mergers and acquisitions.
- Respect for and attention to people and their needs, irrespective of grade, must become characteristic of our actions in relationships within the business.
- Everyone working in the business must eliminate any form of patronage or favouritism, both in the processes of appointment and career-path assessment and in applying incentive schemes.

Fairness in relation to Customers and Suppliers

- This means that we should always pay due attention to our customers, seeking to ensure their satisfaction and placing this value at the centre of our action. The aim is to make sure that a customer, when purchasing a product or service, is aware of the risk involved and understands the value of the product or service delivered to him.
- We should always be impartial when choosing suppliers, by involving all interested departments, to make the relationship with them a competitive advantage for the company.

Fairness in relation to Investors

- This means paying proper attention to every investor, without discrimination or favouritism, in order to make markets ever more open and competitive.

Fairness in relation to Local Communities

- We must be proactive in our relations with all stakeholders, by offering support, services and opportunities without discrimination.
- We should promote local development by choosing initiatives that take account of the real needs of communities and local areas and are consistent with the goal of creating sustainable value.

Transparency

Transparency in relation to Employees

- Knowledge is an asset of the business, to be shared and never monopolised or exploited to increase personal power to use against those around us or against the business itself.
- At every point in the career of each individual, the assessment criteria used and her or his actual assessment should be communicated to the person concerned. Where confidentiality is deemed necessary, the reasons for this should be made explicit and the limits of such confidentiality must be clearly established.

Transparency in relation to Customers and Suppliers

- This means making explicit to the customer, through simple and timely information, the characteristics of the products and services offered and the potential consequences arising from their purchase.
- The selection of suppliers must be carried out objectively.

Transparency in relation to Investors

- Informing the market is both an economic and a cultural value, and is carried out in a clear, complete and timely manner, using the most effective channel of communication for each type of investor.

Transparency in relation to Local Communities

- Relations with local communities must be conducted in a transparent manner, keeping them informed of what UniCredit is doing and how it is doing it, in the conviction that this attitude increases the level of acceptance, belonging and legitimisation of our presence and actions.

Respect

Respect in relation to Employees

- All our people must be given clearly defined roles and areas of responsibility.
- This means constantly listening and paying attention to them, respecting their values, sensitivities and beliefs, without ever resorting to any form of undue pressure or offence.

Respect in relation to Customers and Suppliers

- This means managing and protecting the confidentiality of the information that comes into our possession

by virtue of the relationship established with the customers to whom we supply products and services. The same principle must also apply with regard to the business, its assets and its decisions.

- Relations with suppliers must be managed by opening a listening channel that serves to support the most innovative and responsible processes put into practice.

Respect in relation to Investors

- This means adopting, in relations with investors, rules of behaviour in line with corporate values and the professional ethics described by the best market standards.

Respect in relation to Local Communities

- The economic development of local communities must be carried out with sensitivity and attention to environmental and social sustainability.

Reciprocity

Reciprocity in relation to Customers and Suppliers

- This means offering the customer yields, satisfaction of needs and reliability, in return for payment.
- We must know how to listen to everyone's individual needs and translate them into practice, in order to offer appropriate responses in terms of products and services.
- It means co-operating with suppliers in a mutual exchange of knowledge and information, so that the business and its suppliers can generate value and find legitimization of their identities.

Reciprocity in relation to Investors

- This means that the business is willing to listen, without prejudice, to feedback received from investors through the channels provided.

Reciprocity in relation to Local Communities

- It is becoming essential for relations with the local communities and the wider communities in which UniCredit operates to be based on the mutual exchange of information, through the creation of occasions for discussion and the sharing of views.

Freedom

Freedom in relation to Employees

- We must provide a culture where people are free to voice their dissent and not afraid to reconsider their views, overcoming hierarchical and bureaucratic conditioning. Those who do not share the dissenting view must also express themselves and have their views heard, but if they hold senior office, they must do so with fairness and respect.

- The freedom to pursue entrepreneurial values and career development must find ways of expressing itself and its legitimisation in our appreciation of cultural diversity.

Freedom in relation to Customers and Suppliers

- We must learn to manage interpersonal relations on a free and equal basis, without submissiveness towards the strongest or arrogance towards the weakest.

Freedom in relation to Investors

- This means pursuing the freedom of action that allows us, without undue constraint, to keep the promises made to the market.

Freedom in relation to Local Communities

- All actions undertaken by UniCredit at local community level must be characterised by full respect for individual ethics and local cultures.

Trust

Trust in relation to Employees

- This means making reliability our business style, by keeping our word and acknowledging errors made in good faith.

Trust in relation to Customers and Suppliers

- Trust must be gained solely by constantly proving our reputation, won on the basis of the consistent behaviour of our people, the reliability of our products and services, not least in the long term, and the ability to acknowledge any mistakes made and change our behaviour and decisions.
- UniCredit must constantly strive for convergence between its own medium to long-term interests and those of its customers, so that customers can see that we are on their side.

Trust in relation to Investors

- This means seeking to develop durable and lasting relationships with the financial community, by maintaining consistency and credibility and accepting the views expressed by the market.

Trust in relation to Local Communities

- UniCredit must commit itself to establishing social and cultural relations aimed at meeting the needs of local communities.

Unidea - UniCredit Foundation

In March 2003 UniCredit set up Unidea - UniCredit Foundation, to signify our commitment, as 'active citizens,' to programmes of solidarity, international co-operation and development, our chosen sectors being health, education and the environment.

The Foundation is currently occupied with the following:

- Programmes for the promotion of youth employment in central Europe and the Balkans by means of professional training and microcredit.
- Action designed to combat poverty, hunger, illiteracy and pandemics, through intervention that is targeted and can be replicated, and which aims to promote sustainable development in community social and health services. These projects are located in Sub-Saharan Africa.
- Social studies and research, and action aimed at addressing the problems of disadvantaged youth at local community level in Italy, using an integrated preventive approach.

A summary of the activities carried out during the year by the Unidea Foundation follows. For a detailed description of the projects and initiatives, please read the Foundation's Mission Report available on www.unicreditfoundation.org.

We give a brief outline of the most significant projects in the three areas of intervention.

Youth employment promotion Central Europe and the Balkans

Poland

Rural Development and Microcredit in Eastern Pomerania and Podlasie Region

In Poland Unidea co-operates with FDPA (Foundation for the Development of Polish Agriculture - *Fundacja na Rzecz Rozwoju Polskiego Rolnictwa*, a private and independent non-profit foundation). Our aim is to maximise the human and productive resources of the rural areas most at risk of being abandoned by young people, through actions capable of reducing unemployment and poverty and preventing forms of social malaise.

The primary objective is to help job-seekers by strengthening the links between demand and supply in the employment market, by developing customised training for participants in the programme, and by organising on-the-job training for a period of three months.

The intention is also to promote self-employment by offering young people specialist support in the creation of their own small businesses and encouraging the creation of producer groups (syndicates) through the startup of a microcredit programme and a support and advice service.

Projects	2004	2003
Number of projects	6	8
Overall cost	€1,544,290	€1,107,098

Combatting poverty, hunger, illiteracy and pandemics Sub-Saharan Africa

Burkina Faso

Paths to Health

The 'Paths to Health' project aims to improve the living conditions of populations in the Hauts Bassins and Cascades regions of Burkina Faso. The project was identified during the first feasibility study carried out on the ground in August 2003. Its strategy uses an integrated approach, which focuses on the social/health sphere as the main axis of intervention, but widens the analysis of the problems and the scope of the action plan to all causes affecting the level of health of the population.

The first group to benefit from the programme comprised the populations falling within the catchment area of the new and restructured or enlarged basic healthcare centres in the Hauts Bassins and Cascades

regions. The catchment area of these centres contains an estimated 300,000 inhabitants. Other groups who will benefit from the project are nurses, state-registered nurses, doctors taking update training courses and, indirectly, the population of the Cascades region falling within the scope of the local health Department (about 450,000 people). The project is carried out in co-operation with the NGO MLAL Progettomondo.

Projects		
	2004	2003
Number of projects	6	8
Overall cost	€6,124,860	€3,144,404

Combating the problems of disadvantaged youth

Italy

Gratosoglio: an Experiment in Preventing Youth Malaise

The Gratosoglio project supports two initiatives aimed at stemming the problems faced by youth living in disadvantaged areas. It focuses on a suburb on the outskirts of Milan at high risk of social disintegration. The project has a duration of three years and is being carried out by Unidea in co-operation with the San Martino Social Co-operative and the parish church of Maria Madre della Chiesa in Gratosoglio. It provides support to minors in difficulty through two initiatives: the first, entitled *Scuola Popolare* ["People's School"] – I Care, aims to provide a positive experience for young people who are having difficulties and facing their last year of secondary school; the second, called *ScuolaBottega* ["SchoolWorkshop"], is aimed at minors who have abandoned traditional school studies and training after completing compulsory education, and is therefore characterised by a decided focus on the marketplace and vocational training.

The project is now in its second year: the first course of the *Scuola Popolare* was run in the 2004/2005 academic year, and the conditions were created for starting the first year of *ScuolaBottega*.

Projects		
	2004	2003
Number of projects	27	10
Overall cost	€1,935,600	€2,214,483

UniCredit's Environmental Policy

Our mission is to signal a new way of banking, capable of generating high value over time for the community, our customers, our employees and our shareholders, as well as present and future generations. Our identity is that of a corporate citizen that promotes development in the community in which it operates. We have chosen to pursue our mission and affirm our identity by drawing on strong common values and adopting models of behaviour that put these values into practice in our strategy and operations. These same values and behavioural models inform the environmental policy of UniCredit.

Ethics and Responsibility

First and foremost, this is about taking responsibility for any consequences which our business decisions may have on the integrity of natural resources and on sustainability in the short, medium and long term. This involves the commitment to manage properly and, if possible, prevent the worst environmental consequences of our activities (consumption of natural resources, production of waste), and to act in such a way as to have a positive influence even on the 'indirect' effects of behaviours of third parties that we can identify and influence (through purchasing choice, credit policies and service innovation).

Acting responsibly means complying with rules. For this reason, as well as ensuring compliance with environmental legislation, we are constantly renewing our commitment to participation in voluntary initiatives and programmes such as the Global Compact, UNEP and the EMAS Regulations.

Creativity and Free Enterprise

The principal objective towards which we direct our energies and corporate resources, both material and immaterial, is the constant improvement of our services. We therefore make every effort to innovate our processes and our customer relationships both technically and in terms of organisation.

Above all, our goal is to stimulate and promote individual creativity in order to make the most of new solutions that enable us to achieve excellent environmental performance. People working within the Group must be aware that their behaviour and their ideas can contribute to the overall improvement of performance in this area.

We also aim to achieve ever-greater involvement of our partners in our environmental initiatives, in particular by offering customers and suppliers innovative forms of co-operation designed to promote eco-friendly practices and behaviours.

Skills and Growth

To pursue ambitious objectives effectively in terms of environmental sustainability, we must raise awareness of environmental issues among our people. Appropriate training and constant involvement of all employees, at all levels of the business, is a priority if we are to facilitate their professional growth.

Disseminating and agreeing this policy within the company will ensure that it becomes a primary responsibility of Top Management and that its values are adopted as guiding principles for the behaviour of staff at every level of the organisation. Consequently, it is our aim to bring about teamwork and constant co-operation between the various departments, in order to promote an interdisciplinary approach to environmental management.

We also want our skills to grow through the use of innovative tools and solutions and the ability to interact with the most advanced research and testing in the field of environmental sustainability.

Listening and Discussing

Aware that we cannot achieve the objective of sustainability by our own efforts alone, we are also committed to remaining open to all stakeholders - to listen to their needs, consult with them on possible answers and activate a dialogue which enables us to grow together.

We consider it essential to communicate with our counterparties (the public, local communities, environmental groups, end-users' and consumers' associations), by constantly supplying information and collecting their suggestions or complaints.

Listening and dialogue are especially useful in building long-term relationships with our local communities, leveraging their specific characteristics and needs in terms of the development of environmental resources and awareness of these issues.

Fairness and Transparency

The best way of establishing the credibility of our commitment is to make sure that all we do and achieve in environmental management is subject to the principle of transparency. To this end, we measure and monitor our ability to achieve our goals by means of a system of indicators that are easy to understand and compare over time. We voluntarily submit these indicators to independent bodies for verification and evaluation.

External Auditors' Opinion



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(Translation from the Italian original which remains the definitive version)

Report of the auditors on the social and environmental report Attestation

To board of directors of
 UniCredito Italiano S.p.A.

- 1 We have carried out the compliance procedures and analyses on the social and environmental report of the UniCredito Italiano Group ("UniCredit Group") at 31 December 2004, described in paragraph 2 of this report.

The aim of the procedures was to evaluate the board of directors' statement, included in the social and environmental report of the UniCredit Group at 31 December 2004 in the paragraph entitled "Note on methodology", that such report was prepared in compliance with the guidelines established by GRI – Global Reporting Initiative – and those established by ABI – Associazione Bancaria Italiana (the Italian Bankers' Association), with a view to linking business strategies with the activities carried out or planned during the year in the interest of all group stakeholders, showing the existing relationships between such activities and the economic value of UniCredit Group. The preparation of the social and environmental report in line with such principles is the responsibility of the parent company's management.

- 2 In order to evaluate the board of directors' statement referred to in paragraph 1, we have performed the following procedures, in accordance with the International Standards on Assurance Engagement 3000: "Assurance Engagements on other than Audits or Reviews of Historical Information" established at an international level by the International Auditing and Assurance Standards Board (IASB) and in compliance with Research Document no. 1 of the Gruppo di Studio per il Bilancio Sociale - GBS "Guidelines for auditing Social Reports":

- verifying that the financial figures and information are consistent with those included in the consolidated financial statements of the UniCredit Group as at and for the year ended 31 December 2004, approved by the board of directors on 14 March 2005. We have audited such consolidated financial statements and issued our audit report thereon on 5 April 2005;
- analysing of how the processes underlying the generation, recording and management of quantitative data included in the social and environmental report operate. In particular, we have performed the following procedures:
 - interviews and discussions with management delegates and personnel of certain group companies to gather information on the IT, accounting and reporting systems used in preparing the social and environmental report, and to chart the processes and procedures used to gather, combine, process and transmit data and

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information of the various group companies to the office that prepares the social and environmental report;

- sample-based analysis of supporting documentation used in preparing the social and environmental report to confirm the effectiveness of processes and their adequacy in relation to business objectives, and that the internal control system correctly manages data and information;
- analysing the completeness of the qualitative information included in the social and environmental report and its consistency throughout. This activity was carried out in line with the above-mentioned guidelines;
- verifying the stakeholders' involvement process, in terms of the methods used and completeness of persons involved, and analysis of the summary of the main findings with regard to salient features arising from meetings held with them and comparing them with the information disclosed in the social and environmental report;
- obtaining the representation letter signed by the legal representative of UniCredito Italiano S.p.A. on the compliance of the social and environmental report with the relevant preparation criteria and on the reliability and completeness of the information and data contained therein.

The social and environmental 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 which reference should be made to the attestation issued by other auditors dated 13 April 2004.

- 3 Based on the procedures performed, we believe that the social and environmental report of the UniCredit Group at 31 December 2004 complies with the preparation guidelines and principles based on which it has been prepared and described in the paragraph entitled "Note on methodology" of such report. The financial figures and information included in the social and environmental report at 31 December 2004 are consistent with the figures and information included in the consolidated financial statements of the UniCredit Group at the same date. Moreover, the other figures and information included in the social and environmental report as at 31 December 2004 are consistent with the documentation we were provided with, and meet the content requirements established by the guidelines and principles governing social and environmental report preparation.
- 4 We draw your attention to the following matters set out in the social and environmental report of the UniCredit Group at 31 December 2004:
 - with reference to the enhancing process implemented as part of social responsibility activities during 2004, involvement and discussions with stakeholders were focused on the level of satisfaction of employees, customers and local communities in their relationships with the group. The gradual extension of the main internal and external stakeholders aims to strengthen future participation in existing relationships with all counterparties;



UniCredit Group
Report of the auditors on the social and environmental report
31 December 2004

- further foreign companies have been included in data and information reporting scope with respect to the previous year, with the objective to gradually and progressively include all group companies in the future and to supplement the reporting model with further indicators and information;
- the structure of the social and environmental report at 31 December 2004 was changed with respect to the previous year, in order to provide a better picture of the link between business strategies and the activities carried out or planned during the year in the interest of all group stakeholder. However, the consistency of the main data and information is ensured.

Milan, 12 April 2005

KPMG S.p.A.

(Signed on the original)

Mario Corti
Director of Audit

Glossary

ABI

Associazione Bancaria Italiana (Italian Banking Association).

ACCIDENT FREQUENCY INDEX

Total accidents x 100,000 / number of hours worked.

ACCIDENT GRAVITY INDEX

Total days absence x 1,000 / number of hours worked.

ACCIDENT INDEX

Total accidents x 100 / total employees.

ADVISOR

A specialist with competence in a specific field.

ASSET GATHERING

The acquisition of investors' assets to be administered or managed by a bank.

ASSET MANAGEMENT

Management of clients' financial investments.

ATM

Automatic Teller Machine.

BOND

A security representing financing of a corporation or organisation by the underwriters. The underwriter has the right to receive on maturity the nominal amount of the security, as well as periodic interest payments on the face value of the security.

CALL CENTRE

Telephone service for customers wishing to carry out

transactions (home banking) or request information (help-desk). Also used for customer care and telemarketing.

CONSOB

Commissione Nazionale per le Società e la Borsa. The equivalent in Italy of the SEC.

CORPORATE

Customer segment comprising mid-to-large corporates and organisations.

CREDIT RISK

Defined as the probability that a borrower's creditworthiness will deteriorate.

DEFAULT

A situation in which a borrower has stated that it is unable to honour its debts or pay interest on them.

DUE DILIGENCE

Thorough-going analysis of a company, which entails *inter alia* examination of its financials, forecasts, strategy and competitive position.

INVESTMENT BANKING

Banking sector whose business is underwriting and placing new issues, as well as trading financial instruments.

ISO 14001

Standard relating to environmental management systems, issued by ISO - International Organization for Standards.

OMBUDSMAN

ABI section tasked with settling disputes that arise between banks and their customers.

POS

Point of Sale: a machine enabling payment to be made to a trader using a credit or debit card.

PRIVATE BANKING

Customer segment comprising high net worth individuals and households.

RATING

Assessment of the degree of risk that a specific debtor (company or organisation) will default. Expressed as a conventional value designating the debtor's risk classification.

RETAIL

Customer segment comprising mainly private individuals, professionals, traders and artisans.

ROE

Return on equity, Profitability ratio measuring the ratio of net profit to shareholders' equity.

SECURITISATION

Transfer of loans or other non-negotiable financial assets to a specialised company whose exclusive purpose is to perform these transactions and which converts these credits or assets into securities which can be traded in a secondary market.

STAKEHOLDER

Any counterparty of the company that may interact with it, by sharing its profits, influencing its performance, assessing its economic, social and environmental impact.

STOCK OPTIONS

Company share purchase options, issued by means of a specific capital increase, which confer the right to purchase a number of shares within a set term and at a fixed price. Used as a form of compensation to provide incentives and ensure the loyalty of certain employees, groups of employees or all staff.

TURNOVER

The ratio of the number of people who have left the Group in a given period to the average staff numbers in the same period.

UNEP

United Nations Environmental Programme – programme aiming to promote sustainable development at company and citizen level.

UNSECURED LOAN

Credito chirografario. Loan not secured by a mortgage or other charge over real assets.

VALUE CREATION

Estimated economic value added. The difference between a company's stock-market value (average closing price of the stock over a year) and the cost of remunerating risk (present value of the cost of capital employed).

This Social and Environmental Report was written thanks to the dedication and invaluable contributions of many colleagues within the Group. To their efforts we owe the collection and analysis of the information and data on which the Report is based.

You may consult this Report at www.unicredit.it or request a copy from:

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